



PIONEER TECHNOLOGY AND ARTS ACADEMY

(A Component Unit of School District No. 49)

Financial Statements
June 30, 2024



Board of Directors

| | |
|-------------------|--------------------|
| Shubham Pandey | Executive Director |
| Victoria White | Board President |
| John Turner | Member |
| Mansoureh Tehrani | Member |
| Sloan Gonzales | Member |

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Independent Auditor's Report

To the Board of Directors of
Pioneer Technology & Arts Academy of Colorado
Colorado Springs, CO

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pioneer Technology & Arts Academy of Colorado (the Academy), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements 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 Academy, 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy'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 Academy'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, schedule of the organization’s proportionate share of the net pension liability, schedule of the pension contributions, schedule of proportionate share of the net OPEB liability, the schedule of the OPEB contributions, and budgetary comparison information on pages 5–10 and 51–55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024, on our consideration of the Pioneer Technology & Arts Academy of Colorado’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pioneer Technology & Arts Academy of Colorado’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pioneer Technology & Arts Academy of Colorado’s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, Louisiana
October 14, 2024



PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

This section of Pioneer Technology and Arts Academy's (the Academy) annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2024. Please read it in conjunction with the Academy's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, the Academy's total (governmental activities) liabilities and deferred inflows exceeded its assets and deferred outflows by \$4,641,116.
- The Academy had \$8,732,970 in net expenses related to governmental activities. Revenues totaled \$6,041,635.
- The General Fund reported an ending fund balance deficit of \$313,145, of which (\$316,645) is classified as unassigned. There was a decrease in the General Fund balance from the prior year in the amount of \$495,258.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Academy's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Academy's operations in more detail than the government-wide statements.
- The governmental funds statements focus on how general government services were financed in the short-term as well as what remains for future spending.
- Additional fund statements consist of *Proprietary* and *Fiduciary* funds, of which the Academy has none. Descriptions of such funds are as follows:
 - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.
 - Fiduciary fund statements provide information about the financial relationships in which the government acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another. Figure A-2 summarizes the major features of the Academy's basic financial statements including the portion of the Academy government they cover and the types of information they contain.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Required Components of the Academy's Annual Financial Report

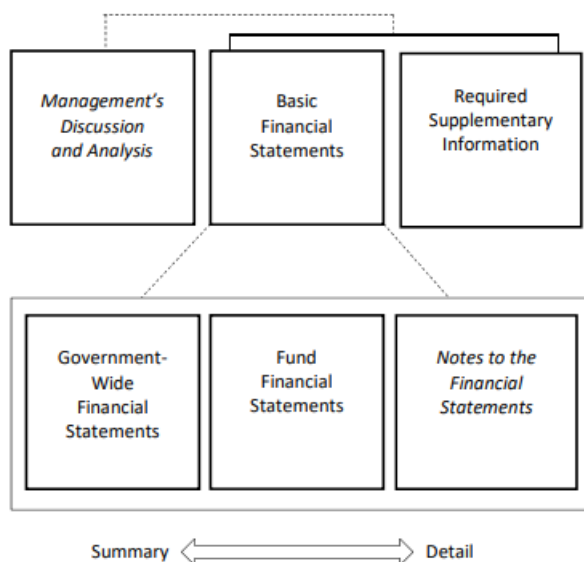


Figure A-2
Major Features of the Academy's Government-wide and Fund Financial Statements

| | Types of Statements | |
|---|---|---|
| | District-wide | Governmental Funds |
| Scope | Entire Agency's government (except fiduciary funds) and the Agency's component units. | The activities of the district that are not proprietary or fiduciary. |
| Required Financial Statements | - Statement of Net Position - Statement of Activities | - Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balances |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial resources focus. |
| Type of Asset/Liability Information | All assets and liabilities, both financial and capital, short-term and long-term. | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included. |
| Type of Inflow/Outflow Information | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter. |

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

GOVERNMENT WIDE STATEMENTS

The government wide statements report information about the Academy as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Academy's net position and how they have changed. Net position, the difference between the Academy's assets and liabilities, is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Academy, one needs to consider additional nonfinancial factors such as changes in the student population.

Government-wide financial statements are divided into two categories:

- *Governmental Activities* - All of the Academy's services and activities are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. State funds and grants finance most of these activities.
- *Business-Type Activities* - The Academy has none. Examples of such activities include fees charged to customers to cover the costs of certain services that are provided.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Academy's most significant funds - not the Academy as a whole. Funds are accounting devices that the Academy uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly utilizing certain grants.

The Academy has the following type of funds:

Governmental Funds - All of the Academy's services and activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

The Academy's combined net position was (\$4,872,748) at June 30, 2024.

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 307,364 | \$ 350,199 |
| Grants Receivable | 72,641 | 56,975 |
| Capital Assets, Net of Accumulated Depreciation | 372,820 | 491,284 |
| Total Assets | 752,825 | 898,458 |
| Deferred Outflows of Resources | 855,416 | 536,549 |
| Liabilities | | |
| Current Liabilities | 696,650 | 225,064 |
| Non-Current Liabilities | 5,517,217 | 2,802,972 |
| Total Liabilities | 6,213,867 | 3,028,036 |
| Deferred Inflows of Resources | 38,990 | 356,755 |
| Net Position | | |
| Net Investment in Capital Assets | 372,820 | 491,284 |
| Unrestricted | (5,013,936) | (2,441,065) |
| Total Net Position | \$ (4,641,116) | \$ (1,949,781) |

The unrestricted net asset represents resources available to fund the programs of the Academy for the next year.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

CHANGES IN NET POSITION

The Academy's total revenues were \$6,041,635. Of this total, 85% comes from per pupil revenue.

| | 2024 | 2023 |
|-------------------------------|-----------------------|-----------------------|
| Revenues | | |
| Program Revenues | | |
| Operating Grants | \$ 41,641 | \$ 343,260 |
| Capital Grants | 161,795 | 178,504 |
| General Revenues | | |
| Per Pupil Revenue | 5,139,623 | 3,603,063 |
| Miscellaneous | 698,576 | 13,828 |
| Total Revenues | <u>6,041,635</u> | <u>4,138,655</u> |
| Expenses | | |
| Instruction | 7,352,588 | 2,932,873 |
| Supporting Services | 1,380,382 | 818,781 |
| Total Expenses | <u>8,732,970</u> | <u>3,751,654</u> |
| Change in Net Position | (2,691,335) | 387,001 |
| Beginning Net Position | <u>(1,949,781)</u> | <u>(2,336,782)</u> |
| Ending Net Position | <u>\$ (4,641,116)</u> | <u>\$ (1,949,781)</u> |

The total cost of all programs and services was \$8,732,970. The largest expense categories were salaries and wages which totaled \$2,297,779 or 26% of total expenses and costs associated with benefits including pension and OPEB expenses, which totaled \$3,456,063 or 40% of total expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$5,613,322. Any increase in state revenues is a result of attendance gains and state increases to the basic allotment amount per student. The General Fund reported an ending fund balance deficit of \$313,145. This was a decrease in the General Fund balance from the prior year in the amount of \$495,258.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Academy revised its budget to reflect changes in activities as they occurred. There are no variances between the final budget and the actual activities, for the year ended June 30, 2024.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Management's Discussion and Analysis

CAPITAL ASSETS

During the 2024 fiscal year, no fixed assets were purchased by the Academy. Additional information, related to capital assets is shown at Note 3 to the financial statements.

LONG TERM DEBT

At the end of the 2024 fiscal year, the Academy had \$199,533 in debt outstanding. Additional information, related to long-term debt is shown at Note 4 to the financial statements.

ECONOMIC FACTORS

Management expects the enrollment at the Academy to remain consistent in the following school year with revenue per pupil to increase.



BASIC FINANCIAL STATEMENTS

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Statement of Net Position
June 30, 2024

| | Governmental Activities |
|---|------------------------------------|
| <hr/> | |
| Assets | |
| Cash and Cash Equivalents | \$ 307,364 |
| Grants Receivable | 72,641 |
| Prepaid Items | 3,500 |
| Capital Assets, Net of Accumulated Depreciation | <u>372,820</u> |
| Total Assets | <u>756,325</u> |
| Deferred Outflows of Resources | |
| Deferred Pension Outflows | 839,014 |
| Deferred OPEB Outflows | <u>16,402</u> |
| Total Deferred Outflows of Resources | <u>855,416</u> |
| Liabilities | |
| Accounts Payable | 508,014 |
| Accrued Liabilities | 188,636 |
| Long-Term Liabilities | |
| Due Within One Year | |
| Note Payable | 199,533 |
| Due in More Than One Year | |
| Net Pension Liability | 5,192,311 |
| Net OPEB Liability | <u>125,373</u> |
| Total Liabilities | <u>6,213,867</u> |
| Deferred Inflows of Resources | |
| Deferred OPEB Inflows | <u>38,990</u> |
| Total Deferred Outflows of Resources | <u>38,990</u> |
| Net Position | |
| Net Investment in Capital Assets | 372,820 |
| Unrestricted | <u>(5,013,936)</u> |
| Total Net Position | <u><u>\$ (4,641,116)</u></u> |

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Statement of Activities
Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenue | | | Governmental Activities | Net Revenue (Expense) and Change Net Position |
|--------------------------------------|---------------------|-------------------------|--|-------------------|-------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants | | |
| Governmental Activities | | | | | | |
| Instruction | \$ 7,352,588 | \$ - | \$ 41,641 | \$ 161,795 | \$ (7,149,152) | |
| Supporting Services | 1,380,382 | - | - | - | (1,380,382) | |
| Total Governmental Activities | \$ 8,732,970 | \$ - | \$ 41,641 | \$ 161,795 | (8,529,534) | |
| | | | General Revenues: | | | |
| | | | Per Pupil Revenue | | 5,139,623 | |
| | | | Miscellaneous | | 698,576 | |
| | | | Total General Revenues | | 5,838,199 | |
| | | | Change in Net Position | | (2,691,335) | |
| | | | Net Position (Deficit), Beginning | | (1,949,781) | |
| | | | Net Position (Deficit), Ending | | \$ (4,641,116) | |

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Balance Sheet
Governmental Funds
June 30, 2024

| | General Fund |
|---|--------------------------|
| <hr/> | |
| Assets | |
| Cash and Cash Equivalents | \$ 307,364 |
| Grants Receivable | 72,641 |
| Prepaid Items | <u>3,500</u> |
| Total Assets | <u><u>\$ 383,505</u></u> |
| Liabilities and Fund Balance | |
| Liabilities | |
| Accounts Payable | \$ 508,014 |
| Accrued Liabilities | <u>188,636</u> |
| Total Liabilities | <u>696,650</u> |
| Fund Balance | |
| Nonespendable - Prepaid Items | 3,500 |
| Unassigned | <u>(316,645)</u> |
| Total Fund Balance | <u>(313,145)</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 383,505</u></u> |

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

| | |
|--|------------------------------|
| Total Fund Balances - Governmental Funds | \$ (313,145) |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. | 372,820 |
| Deferred outflows of resources represent consumption of net position applicable to future periods and are, therefore, not reported in the funds: | |
| Pensions | 839,014 |
| Other Postemployment Benefits | 16,402 |
| Deferred inflows of resources represent acquisition of net position applicable to future periods and are, therefore, not reported in the funds: | |
| Other Postemployment Benefits | (38,990) |
| Long-term liabilities applicable to the Academy's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances reported in the statement of net position at June 30, 2024 are: | |
| Note Payable | (199,533) |
| Net Pension Liability | (5,192,311) |
| Net Other Postemployment Benefits Liability | <u>(125,373)</u> |
| Net Position of Governmental Activities | <u>\$ (4,641,116)</u> |

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2024

| | General Fund |
|--|----------------------------|
| Revenue | |
| Local Sources | \$ 270,263 |
| State Sources | 5,301,418 |
| Federal Sources | <u>41,641</u> |
| Total Revenue | <u>5,613,322</u> |
| Expenditures | |
| Instruction | 4,379,731 |
| Supporting Services | <u>1,380,382</u> |
| Total Expenditures | <u>5,760,113</u> |
| Excess (Deficiency) of Revenues over Expenditures | (146,791) |
| Other Financing Sources (Uses) | |
| Principal Payments on Debt | <u>(348,467)</u> |
| Total Other Financing Sources (Uses) | <u>(348,467)</u> |
| Net Change in Fund Balance | (495,258) |
| Fund Balance, Beginning | <u>182,113</u> |
| Fund Balance, Ending | <u><u>\$ (313,145)</u></u> |

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
June 30, 2024

| | |
|---|-----------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ (495,258) |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays. | (118,464) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | 776,780 |
| In the statement of activities, pension and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). | <u>(2,854,393)</u> |
| Net Position of Governmental Activities | <u>\$ (2,691,335)</u> |

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



PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Pioneer Technology and Arts Academy (the Academy) was formed on May 14, 2020, to operate charter schools as provided in the Colorado (the State) Charter Schools Act. The Academy is a non-profit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Academy currently operates one elementary school, serving grades K-8, in El Paso County Public Schools.

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

Reporting Entity

The Academy is a component unit of El Paso County Colorado School District 49 (the District). The District granted the charters and provides the majority of the funding to the Academy.

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

Based on the application of this criteria, the Academy does not include additional organizations within its reporting entity other than the schools it operates.

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all activities of the Academy. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The Statement of Activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year if they are expected to be received within one year. All other revenues are considered to be measurable and available only when cash is received by the Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, and the unrestricted resources as they are needed. In the fund financial statements, the Academy reports the following major governmental fund:

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

Cash and Cash Equivalents

The Academy's cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| | |
|---------------------------|---------------|
| Building and Improvements | 10 - 30 Years |
| Furniture and Equipment | 5 - 7 Years |

Deferred Outflows/Inflows of Resources

Deferred outflows of resources are consumptions of net position that are applicable to a future reporting period. *Deferred inflows* of resources are acquisitions of net position that are applicable to a future reporting period. Both are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the periods to which they relate.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued during the current year as other financing sources.

Net Position/Fund Balance

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

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy carries commercial insurance for risks of loss, including liability, property, errors and omissions, and workers' compensation.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Annually, the Board of Directors adopts a budget for the Academy as a whole, on a basis consistent with U.S. GAAP.

A proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them. Revisions that alter the total expenditures must be approved by the Board of Directors. All appropriations lapse at fiscal year-end.

Note 2. Cash and Cash Equivalents

The financial institution holding the Academy's cash accounts is participating in the Federal Deposit Insurance Corporation's (FDIC) insurance coverage program.

The Academy's investment policy conforms to state statute for governmental entities. All accounts established at financial institutions should, in the aggregate, total less than \$250,000 so as to provide maximum insurance coverage provided by the FDIC. If, however, deposits exceed the \$250,000 insurance coverage level, the excess must be (1) fully collateralized at face value with government securities, (2) separately segregated in the Academy's name, and (3) held at a Federal Reserve Bank or another depository.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 2. Cash and Cash Equivalents (Continued)

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under the Colorado Public Deposit Protection Act (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned.

Colorado state statutes govern the Academy's deposit of cash. The PDPA requires the Academy to make deposits only in eligible public depositories as defined by the regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The PDPA requires the eligible depository with public deposits in excess of the federal insurance levels to create single institution collateral pools for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group.

At June 30, 2024, the carrying amount of the Academy's deposits was \$307,364 and the bank balances were \$307,364. Bank balances were fully insured by federal deposit insurance.

Note 3. Capital Assets

Capital assets consisted of the following as of June 30, 2024:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------|----------------------|---------------------|-------------|-------------------|
| Capital Assets being Depreciated | | | | |
| Buildings and Improvements | \$ 23,186 | \$ - | \$ - | \$ 23,186 |
| Furniture and Fixtures | 665,983 | - | - | 665,983 |
| Depreciable Assets | 689,169 | - | - | 689,169 |
| Less: Accumulated Depreciation | (197,885) | (118,464) | - | (316,349) |
| Total Depreciable Assets | <u>\$ 491,284</u> | <u>(118,464)</u> | <u>-</u> | <u>\$ 372,820</u> |
| Land | - | - | - | - |
| Construction in Progress | - | - | - | - |
| Capital Assets, Net | <u>\$ 491,284</u> | <u>\$ (118,464)</u> | <u>\$ -</u> | <u>\$ 372,820</u> |

Depreciation expense of \$118,464 was charged to instructional programs.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 4. Long-Term Debt

Amounts owed as long-term debt were as follows as of June 30, 2024:

| | Interest Rate | Beginning Balance | Issuance | Reduction | Ending Balance |
|----------------------------|----------------------|--------------------------|-----------------|------------------|-----------------------|
| Notes Payable | | | | | |
| SSS Education Corp. | 0.00% | \$ 976,313 | - | (776,780) | \$ 199,533 |
| Less: Current Portion, Net | | - | | | 199,533 |
| Non-Current Portion, Net | | <u>\$ 976,313</u> | | | <u>\$ -</u> |

Notes Payable

On May 26, 2020, the Academy entered into an interest-free loan agreement with SSS Education Corp for a term loan not to exceed \$1,500,000 to be used for start-up, capital, and operating expenditures. Monthly installments of \$30,000 shall commence on September 1, 2023, and must be paid in full by August 31, 2027. During the fiscal year ended June 30, 2024, the lender SSS Education, forgave \$428,313 of the outstanding balance, which is included in miscellaneous income on the statement of activities. At June 30, 2024 the outstanding loan balance was \$199,533, which is due during the fiscal year ending June 30, 2025.

Note 5. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

General Information

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

Benefits Provided as of December 31, 2022 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code (IRC).

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

General Information (Continued)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of June 30, 2024 - Eligible employees of the Academy, and the State, are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.0% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

July 1, 2023 through June 30, 2024

| | |
|--|---------------|
| Employer Contribution Rate | 11.40% |
| Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02%) |
| Amount apportioned to the SCHDTF | 10.38% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| Total Employer Contribution Rate to the Trust Fund | 20.38% |

Note: Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

General Information (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were \$395,603 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

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

At June 30, 2024 the Academy reported a liability of \$5,192,311 for its proportionate share of the net pension liability. The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a non-employer contributing entity, and the total portion of the net pension liability that was associated with the Academy were as follows:

| | |
|--|----------------------------|
| The Academy's Proportionate Share of the Net Pension Liability | \$ 5,192,311 |
| The State's Proportionate Share of the Net Pension Liability as a Nonemployer Contributing Entity | <u>-</u> |
| Total | <u>\$ 5,192,311</u> |

At December 31, 2023, the Academy's proportion of the collective net pension liability was 0.0294%, an increase of 0.0122% since December 31, 2022.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources (Continued)

For the year ended June 30, 2024, the Academy recognized pension expense of \$3,000,767. There was no support from the State as a non-employer contributing entity. At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|------------------------------|-----------------------------|
| Difference between expected and actual experience | \$ 246,214 | \$ - |
| Changes of assumptions or other inputs | - | - |
| Net difference between projected and actual earnings on pension plan investments | 372,208 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | <u>220,592</u> | <u>-</u> |
| Total | <u>\$ 839,014</u> | <u>\$ -</u> |

\$220,592 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|--------------------------------|---------------|
| 2025 | \$ 113,124 |
| 2026 | \$ 261,443 |
| 2027 | \$ 347,636 |
| 2028 | \$ (103,781) |

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | |
|---|---------------------|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation | 3.40% - 11.00% |
| Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount Rate | 7.25% |
| Post-Retirement Benefit Increases: | |
| PERA Benefit Structure Hired Prior to 01/01/07 and DPS Benefit Structure (compounded annually) | 1.00% |
| PERA Benefit Structure Hired After 12/31/06* | Financed by the AIR |

*Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

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

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

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

| <u>Asset Class</u> | <u>Allocation</u> | <u>Geometric Real Rate</u> |
|--------------------|-------------------|----------------------------|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| Total | <u>100.00%</u> | |

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount 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.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 5. Defined Benefit Pension Plan (Continued)

Sensitivity of the Academy’s proportionate share of the net pension liability to changes in the discount rate

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|---------------------------|-------------------------------------|------------------------|
| Proportionate Share of the Net Pension | \$6,942,983 | \$ 5,192,311 | \$3,732,462 |

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

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information About the OPEB Plan

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
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Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

General Information About the OPEB Plan (Continued)

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

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

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

PERA Benefit Structure

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure (Continued)

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

DPS Benefit Structure

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

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

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were \$19,800 for the year ended June 30, 2024.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

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

At June 30, 2024, the Academy reported a liability of \$125,373 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Academy's proportion was 0.0176%, an increase of 0.0046% since December 31, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB expense of \$85,258. At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|------------------------------|-----------------------------|
| Difference between expected and actual experience | \$ - | \$ 25,696 |
| Changes of assumptions or other inputs | 1,474 | 13,294 |
| Net difference between projected and actual earnings on OPEB plan investments | 3,878 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | 11,050 | - |
| Total | \$ 16,402 | \$ 38,990 |

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

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

\$11,040 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended | Amount |
|-------------------|---------------|
| June 30, | |
| 2025 | \$ (15,262) |
| 2026 | (8,077) |
| 2027 | (2,780) |
| 2028 | (5,560) |
| 2029 | (1,588) |
| Thereafter | (371) |

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions

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

| | |
|---|--|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation | 3.40% - 11.00% |
| Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount Rate | 7.25% |
| Health Care Cost Trend Rates | |
| PERA Benefit Structure: | |
| Service-Based Premium Subsidy | 0.00% |
| PERACare Medicare Plans | 7.0% in 2023 gradually decreasing to 4.50% in 2033 |
| Medicare Part A Premiums | 3.50% in 2023, gradually increasing to 4.50% in 2035 |
| DPS Benefit Structure: | |
| Service-Based Premium Subsidy | 0.00% |
| PERACare Medicare Plans | N/A |
| Medicare Part A Premiums | N/A |

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

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

| Sample Age | MAPD PPO#1 with Medicare Part A Retiree/Spouse | | MAPD PPO#1 without Medicare Part A Retiree/Spouse | |
|------------|--|----------|---|----------|
| | Male | Female | Male | Female |
| 65 | \$ 1,692 | \$ 1,406 | \$ 649 | \$ 5,373 |
| 70 | \$ 1,901 | \$ 1,573 | \$ 7,266 | \$ 6,011 |
| 75 | \$ 2,100 | \$ 1,653 | \$ 8,026 | \$ 6,319 |

| Sample Age | MAPD PPO#2 with Medicare Part A Retiree/Spouse | | MAPD PPO#2 without Medicare Part A Retiree/Spouse | |
|------------|--|--------|---|----------|
| | Male | Female | Male | Female |
| 65 | \$ 579 | \$ 481 | \$ 4,198 | \$ 3,487 |
| 70 | \$ 650 | \$ 538 | \$ 4,715 | \$ 3,900 |
| 75 | \$ 718 | \$ 566 | \$ 5,208 | \$ 4,101 |

| Sample Age | MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse | | MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse | |
|------------|---|----------|--|----------|
| | Male | Female | Male | Female |
| 65 | \$ 1,913 | \$ 1,589 | \$ 6,719 | \$ 5,581 |
| 70 | \$ 2,149 | \$ 1,778 | \$ 7,546 | \$ 6,243 |
| 75 | \$ 2,374 | \$ 1,869 | \$ 8,336 | \$ 6,563 |

The 2023 Medicare part A premium is \$506 (actual dollars) per month.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|------|----------------------------|-----------------------------|
| 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% | 4.25% |
| 2030 | 5.25% | 4.25% |
| 2031 | 5.00% | 4.25% |

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- *Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.*
- *Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.*

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

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

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from the actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the 2020 experience analysis 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 every four 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.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA 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%.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions (Continued)

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---------------------------------------|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare Trend Rate | 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 | \$ 121,775 | \$ 125,373 | \$ 129,287 |

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 6. Defined Benefit Other Post Employment Benefit (OPEB) Plan (Continued)

Discount Rate (Continued)

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

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

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---------------------------|-------------------------------------|------------------------|
| Proportionate Share of the Net OPEB Liability | \$ 148,082 | \$ 125,373 | \$ 105,946 |

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

Note 7. Related Party Transactions

The Academy has an outstanding note payable with SSS Education Corp of \$199,533 (see Note 4). Shubham Pandey is the Board Chair of SSS Education Corp, as well as the Executive Director and board member for the Academy.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)

Notes to Financial Statements

Note 8. Commitments and Contingencies

The Academy participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Academy may be required to reimburse the other government. Management believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the Academy.

From time to time, the Academy is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the Academy's financial position.



REQUIRED SUPPLEMENTARY INFORMATION



PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Schedule of the Organization's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

| | 2023 | 2022 | 2021 |
|--|--------------|--------------|--------------|
| Proportion of the Net Pension Liability | 0.0294% | 0.0172% | 0.0124% |
| Proportionate Share of the Net Pension Liability | \$ 5,192,311 | \$ 1,759,072 | \$ 1,443,786 |
| Covered Payroll | \$ 2,164,783 | \$ 1,323,288 | \$ 516,908 |
| Proportionate Share of the Net Pension Liability as a percentage of its Covered Payroll | 239.85% | 132.93% | 279.31% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 64.74% | 61.79% | 74.86% |

Note: Information is not available prior to 2021. In future reports, additional years will be added until 10 years of historical data are presented.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Schedule of the Organization's Pension Contributions
For the Year Ended June 30, 2024

| | 2024 | 2023 | 2022 | 2021 |
|--|--------------|--------------|------------|-----------|
| Contractually Required Contributions | \$ 395,603 | \$ 340,886 | \$ 196,010 | \$ 8,017 |
| Contributions in Relation to the Contractually Required Contribution | \$ 395,603 | \$ 340,886 | \$ 196,010 | \$ 8,017 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 1,941,128 | \$ 1,672,645 | \$ 985,962 | \$ 40,326 |
| Contribution as a percentage of Covered Payroll | 20.38% | 20.38% | 19.88% | 19.88% |

Note: Information is not available prior to 2021. In future reports, additional years will be added until 10 years of historical data are presented.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Schedule of the Organization's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2024

| | 2023 | 2022 | 2021 |
|---|--------------|--------------|------------|
| Proportion of the Net OPEB Liability | 0.0176% | 0.0130% | 0.0081% |
| Proportionate Share of the Net OPEB Liability | \$ 125,373 | \$ 67,587 | \$ 69,851 |
| Covered Payroll | \$ 2,164,783 | \$ 1,323,288 | \$ 516,908 |
| Proportionate Share of the Net OPEB Liability as a percentage of its Covered Payroll | 5.79% | 5.11% | 13.51% |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 46.16% | 38.57% | 39.40% |

Note: Information is not available prior to 2021. In future reports, additional years will be added until 10 years of historical data are presented.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Schedule of the Organization's OPEB Contributions
For the Year Ended June 30, 2024

| | 2024 | 2023 | 2022 | 2021 |
|--|--------------|--------------|------------|-----------|
| Contractually Required Contributions | \$ 19,800 | \$ 17,061 | \$ 10,057 | \$ 411 |
| Contributions in Relation to the Contractually Required Contribution | \$ 19,800 | \$ 17,061 | \$ 10,057 | \$ 411 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 1,941,128 | \$ 1,672,645 | \$ 985,962 | \$ 40,326 |
| Contribution as a percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% |

Note: Information is not available prior to 2021. In future reports, additional years will be added until 10 years of historical data are presented.

PIONEER TECHNOLOGY AND ARTS ACADEMY
(A Component Unit of School District No. 49)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--|-------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenue | | | | |
| Local Sources | \$ 206,110 | \$ 270,263 | \$ 270,263 | \$ - |
| State Sources | 5,350,250 | 5,301,418 | 5,301,418 | - |
| Federal Sources | 200,000 | 41,641 | 41,641 | - |
| Total Revenue | 5,756,360 | 5,613,322 | 5,613,322 | - |
| Expenditures | | | | |
| Salaries (0100) | \$ 3,213,730 | \$ 2,270,030 | \$ 2,270,030 | - |
| Employee Benefits (0200) | 816,661 | 650,419 | 650,419 | - |
| Purchased Professional Services (0300) | 263,500 | 645,655 | 645,655 | - |
| Purchased Property Services (0400) | 60,000 | 70,415 | 70,415 | - |
| Repairs and Maintenance Services (0430) | 27,581 | 1,632 | 1,632 | - |
| Other Purchased Services (0500) | 31,250 | 30,017 | 30,017 | - |
| Insurance Premiums (0520) | 62,966 | 91,667 | 91,667 | - |
| Travel, Registration, and Entrance (0580) | 10,000 | 23,471 | 23,471 | - |
| Purchased Services from School Districts (0594) | 194,375 | 169,150 | 169,150 | - |
| Purchased Administrative Overhead Costs (0595) | - | 111,201 | 111,201 | - |
| Supplies (0600) | 130,000 | 171,578 | 171,578 | - |
| Capitalized Equipment (0730) | 130,000 | 8,059 | 8,059 | - |
| Non-Capitalized Equipment (0735) | 58,890 | - | - | - |
| Lease (0770) | - | 1,502,090 | 1,502,090 | - |
| Other Objects (0800) | 210,000 | - | - | - |
| Dues and Fees (0810) | 1,000 | 14,729 | 14,729 | - |
| Intercompany (0857) | - | - | - | - |
| Total Expenditures | 5,209,953 | 5,760,113 | 5,760,113 | - |
| Excess (Deficiency) of Revenues over Expenditures | 546,407 | (146,791) | (146,791) | - |
| Other Financing Sources (Uses) | | | | |
| Long-Term Debt Payments | (336,313) | (348,467) | (348,467) | - |
| Net Change in Fund Balance | 210,094 | (495,258) | (495,258) | - |
| Fund Balance, Beginning | 182,113 | 182,113 | 182,113 | - |
| Fund Balance, Ending | \$ 392,207 | \$ (313,145) | \$ (313,145) | \$ - |



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Pioneer Technology & Arts Academy of Colorado
Colorado Springs, CO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Pioneer Technology & Arts Academy of Colorado (the Academy), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pioneer Technology & Arts Academy of Colorado's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Professional Accounting Corporation

Covington, Louisiana
October 14, 2024