

WEST RIDGE ACADEMY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025



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**WEST RIDGE ACADEMY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

| | |
|---|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 9 |
| STATEMENT OF ACTIVITIES | 10 |
| FUND FINANCIAL STATEMENTS | |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 11 |
| RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION | 12 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 13 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 14 |
| NOTES TO FINANCIAL STATEMENTS | 15 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND | 48 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING CORPORATION | 49 |
| SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | 50 |
| SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS | 51 |
| SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY | 52 |
| SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS | 53 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 54 |



INDEPENDENT AUDITORS' REPORT

Board of Directors
West Ridge Academy
Greeley, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of West Ridge Academy (the School), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2025, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the School adopted GASB Statement No. 101, *Compensated Absences*. The implementation of this statement resulted in the restatement of beginning net position as described in Note 10 to the financial statements. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

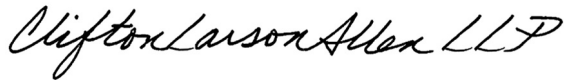
In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – General Fund, schedule of revenues, expenditures, and changes in fund balance – budget and actual – Building Corporation, schedule of the School's proportionate share of the net pension liability, schedule of pension contributions and related ratios, schedule of the School's proportionate share of the net OPEB liability, and schedule of OPEB contributions and related ratios 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 GAAS, 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.



CliftonLarsonAllen LLP

Denver, Colorado
September 19, 2025

WEST RIDGE ACADEMY
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2025

This section of the report provides readers with a narrative overview and analysis of the financial activities of West Ridge Academy (the School) for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

- West Ridge Academy had an increase of \$476,320 in net position for the year ended June 30, 2025.
- West Ridge Academy's General Fund assets exceeded liabilities by \$2,660,135 at June 30, 2025, an increase of \$143,731 from June 30, 2024.
- The WRA Building Corporation, a special revenue fund of the School, reported an ending fund balance of \$757,596, an increase of \$44,677.
- Total unrestricted cash was at \$2,448,454 June 30, 2025, as compared to \$2,227,286 at June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains required supplementary information.

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

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

The *statement of activities* presents the government's changes in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

The government-wide financial statements can be found on pages 9-10 of this report.

WEST RIDGE ACADEMY
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2025

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. West Ridge Academy, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

West Ridge Academy reports two governmental funds: the General Fund and WRA Building Corporation, a special revenue fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

Budgetary Comparisons. West Ridge Academy adopts annual appropriated budgets for the General Fund and the WRA Building Corporation. A budgetary comparison schedule has been provided for the General Fund on page 48 of this report. A budgetary comparison schedule has been provided for the Building Corporation on page 49 of this report.

WEST RIDGE ACADEMY
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

TABLE A-1
COMPARATIVE SUMMARY STATEMENT OF NET POSITION

| | 2025 | 2024 |
|---|----------------|----------------|
| Assets | | |
| Current Assets | \$ 3,757,969 | \$ 3,540,385 |
| Capital Assets | 8,416,193 | 8,698,621 |
| Total Assets | 12,174,162 | 12,239,006 |
| Deferred Outflows of Resources | | |
| OPEB | 26,554 | 46,150 |
| Pension Plan | 861,190 | 1,412,417 |
| Total Assets and Deferred Outflows of Resources | 13,061,906 | 13,697,573 |
| Liabilities | | |
| Current Liabilities | 376,462 | 538,238 |
| Noncurrent Liabilities | 10,206,202 | 10,189,901 |
| OPEB Liability | 81,095 | 146,660 |
| Net Pension Liability | 4,570,554 | 6,073,892 |
| Total Liabilities | 15,234,313 | 16,948,691 |
| Deferred Inflows of Resources | | |
| OPEB | 88,722 | 67,003 |
| Pension Plan | 953,030 | 345,630 |
| Total Liabilities and Deferred Inflows of Resources | 16,276,065 | 17,361,324 |
| Net Position: | | |
| Net Investment in Capital Assets | (1,152,808) | (1,060,674) |
| Restricted | 1,150,005 | 1,085,806 |
| Unrestricted | (3,211,356) | (3,688,883) |
| Total Net Position | \$ (3,214,159) | \$ (3,663,751) |

The School has \$146,534 of net position that is restricted to comply with the Taxpayer's Bill of Rights (TABOR) requirements. The School reports \$1,003,471 restricted net position related to cash and investments required to be held for debt service reserves and repayment of the School's line of credit.

WEST RIDGE ACADEMY
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2025

TABLE A-2
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

| | 2025 | 2024 |
|--|----------------|----------------|
| Program Revenues: | | |
| Charges for Services | \$ 26,605 | \$ 40,970 |
| Operating Grants and Contributions | 1,276,227 | 872,561 |
| Capital Grants and Contributions | 125,034 | 158,704 |
| General Revenues: | | |
| Per Pupil Funding | 3,594,567 | 3,556,044 |
| Interest Income | 146,240 | 177,035 |
| Total Revenues | 5,168,673 | 4,805,314 |
| Expenses: | | |
| Instruction | 2,467,486 | 2,890,334 |
| Support Services | 1,772,133 | 1,939,620 |
| Interest Expense | 452,734 | 437,869 |
| Total Expenses | 4,692,353 | 5,267,823 |
| Change in Net Position | 476,320 | (462,509) |
| Net Position - Beginning | (3,663,751) | (3,201,242) |
| Cumulate Effect of GASB Statement No. 101 Implementation | (26,728) | - |
| Net Position - Beginning, as Restated | (3,690,479) | (3,201,242) |
| Net Position - Ending | \$ (3,214,159) | \$ (3,663,751) |

Governmental-wide activities increased the School's net position by \$476,320 in fiscal year 2025. \$344,711 of the change in net position relates to changes in the net pension liability and related deferred inflows of resources and deferred outflows of resources as required by governmental accounting standards for the School's participation in a defined benefit pension plan through the Colorado Public Employees Retirement Association (PERA). The increase in operating grants is related to additional funding passed through from Weld County School District #6 in fiscal year 2025 compared to fiscal year 2024.

FINANCIAL ANALYSIS OF THE SCHOOL'S GENERAL FUND

The General Fund ended the year with a fund balance of \$2,660,135, an increase of \$143,731 from the beginning fund balance. The increase in ending fund balance is due to increased local revenue passed through from Weld County School District #6.

WEST RIDGE ACADEMY
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

The School's budget is prepared according to Colorado statutes.

The General Fund revenues exceeded final budgeted revenues by \$75,205 or 1.5%. Actual expenditures of the General Fund were 99.7% of the final budgeted expenditures. Additional information on the General Fund budget can be found on page 44 and in the Notes to Required Supplementary Information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. West Ridge Academy's investment in capital assets for its governmental activities as of June 30, 2025 totals \$8,416,193 (net of accumulated depreciation). This investment includes land, buildings, building improvements, and equipment.

The School utilizes the straight-line depreciation method for its capital assets. Depreciation is recognized when the asset is placed into service.

Additional information on the School's capital assets can be found in Note 3 of this report.

Long-Term Debt. The Building Corporation carries total bonded debt outstanding of \$9,560,000. Additional information on long-term debt, which can be found in Note 4.

FUTURE OPERATIONS

Per pupil and State funding is expected increase slightly for the 2025-2026 school year. The School is anticipating consistent enrollment with cost constraints. The initial General Fund budget for the 2025-2026 fiscal year projected budgeted revenues exceeding budgeted expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of West Ridge Academy finances for all those with an interest in the Schools' finances. Questions concerning any of the information provided should be addressed to West Ridge Academy, 6905 8th Street, Greeley, Colorado 80634.

**WEST RIDGE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2025**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash | \$ 2,448,454 |
| Restricted Cash and Investments | 1,283,431 |
| Accounts Receivable | 26,084 |
| Capital Assets, Nondepreciable | 2,346,628 |
| Capital Assets, Net of Accumulated Depreciation | 6,069,565 |
| Total Assets | 12,174,162 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows - Pension | 861,190 |
| Deferred Outflows - OPEB | 26,554 |
| Total Deferred Outflows of Resources | 887,744 |
| LIABILITIES | |
| Accounts Payable | 340,238 |
| Accrued Interest Payable | 36,224 |
| Noncurrent Liabilities: | |
| Due Within One Year | 204,032 |
| Due In More Than One Year | 10,002,170 |
| Net Pension Liability | 4,570,554 |
| Net OPEB Liability | 81,095 |
| Total Liabilities | 15,234,313 |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to Pension Plan | 953,030 |
| Related to OPEB | 88,722 |
| Total Deferred Inflows of Resources | 1,041,752 |
| NET POSITION | |
| Net Investment in Capital Assets | (1,152,808) |
| Restricted for TABOR | 146,534 |
| Restricted for Line of Credit | 282,099 |
| Restricted for Debt Service | 721,372 |
| Unrestricted | (3,211,356) |
| Total Net Position | \$ (3,214,159) |

See accompanying Notes to Financial Statements.

**WEST RIDGE ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

| | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position |
|--|------------------|-------------------------|--|--|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Instructional | \$ 2,467,486 | \$ 26,605 | \$ 1,276,227 | \$ - | \$ (1,164,654) |
| Support Services | 1,772,133 | - | - | 125,034 | (1,647,099) |
| Interest and Fiscal Charges | 452,734 | - | - | - | (452,734) |
| Total Governmental Activities | \$ 4,692,353 | \$ 26,605 | \$ 1,276,227 | \$ 125,034 | (3,264,487) |
| GENERAL REVENUES | | | | | |
| Per Pupil Revenue | | | | | 3,594,567 |
| Interest Income | | | | | 146,240 |
| Total General Revenues | | | | | 3,740,807 |
| CHANGE IN NET POSITION | | | | | |
| | | | | | 476,320 |
| Net Position - Beginning of Year | | | | | (3,663,751) |
| Cumulative effect of GASB Statement No. 101 implementation | | | | | (26,728) |
| Net Position - Beginning of Year, as Restated | | | | | (3,690,479) |
| NET POSITION - END OF YEAR | | | | | |
| | | | | | \$ (3,214,159) |

See accompanying Notes to Financial Statements.

**WEST RIDGE ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | General | Building Corporation | Total |
|--|--------------|-------------------------|--------------|
| ASSETS | | | |
| Cash | \$ 2,448,454 | \$ - | \$ 2,448,454 |
| Restricted Cash and Investments | 525,835 | 757,596 | 1,283,431 |
| Accounts Receivable | 26,084 | - | 26,084 |
| Total Assets | \$ 3,000,373 | \$ 757,596 | \$ 3,757,969 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable and Accrued Liabilities | \$ 340,238 | \$ - | \$ 340,238 |
| Total Liabilities | 340,238 | - | 340,238 |
| FUND BALANCES | | | |
| Restricted: | | | |
| Emergencies | 146,534 | - | 146,534 |
| Line of Credit | 282,099 | - | 282,099 |
| Debt Service | - | 757,596 | 757,596 |
| Unassigned | 2,231,502 | - | 2,231,502 |
| Total Fund Balances | 2,660,135 | 757,596 | 3,417,731 |
| Total Liabilities and Fund Balances | \$ 3,000,373 | \$ 757,596 | \$ 3,757,969 |

See accompanying Notes to Financial Statements.

**WEST RIDGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|---|----------------|
| Total Fund Balance - Governmental Funds | \$ 3,417,731 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$10,074,754 and accumulated depreciation is \$1,658,561 | 8,416,193 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: | |
| Bonds Payable | (9,560,000) |
| Bond Premium | (601,051) |
| Lease Payable | (28,850) |
| Accrued Interest Payable | (36,224) |
| Compensated Absences | (16,301) |
| OPEB Liability | (81,095) |
| Net Pension Liability | (4,570,554) |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | |
| Pension | 861,190 |
| OPEB | 26,554 |
| Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | |
| Pension | (953,030) |
| OPEB | (88,722) |
| | (1,027,752) |
| Total Net Position | \$ (3,214,159) |

See accompanying Notes to Financial Statements.

**WEST RIDGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

| | <u>General</u> | <u>Building Corporation</u> | <u>Total</u> |
|------------------------------------|----------------------------|---------------------------------|----------------------------|
| REVENUES | | | |
| Per Pupil Funding | \$ 3,594,567 | \$ - | \$ 3,594,567 |
| State and Federal Sources | 410,610 | - | 410,610 |
| Local Sources | 1,011,432 | - | 1,011,432 |
| Rental Income | - | 616,009 | 616,009 |
| Interest Income | 106,784 | 39,456 | 146,240 |
| Total Revenues | <u>5,123,393</u> | <u>655,465</u> | <u>5,778,858</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 2,558,622 | - | 2,558,622 |
| Support Services | 2,388,142 | - | 2,388,142 |
| Debt Service: | | | |
| Principal | 9,568 | 160,000 | 169,568 |
| Interest and Fiscal Charges | 23,330 | 450,788 | 474,118 |
| Total Expenditures | <u>4,979,662</u> | <u>610,788</u> | <u>5,590,450</u> |
| NET CHANGE IN FUND BALANCES | 143,731 | 44,677 | 188,408 |
| Fund Balances - Beginning of Year | <u>2,516,404</u> | <u>712,919</u> | <u>3,229,323</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 2,660,135</u></u> | <u><u>\$ 757,596</u></u> | <u><u>\$ 3,417,731</u></u> |

See accompanying Notes to Financial Statements.

**WEST RIDGE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Amounts reported for governmental activities in the Statement of Activities are different because:

| | | |
|---|----|---------|
| Net Change In Fund Balance - Governmental Funds | \$ | 188,408 |
|---|----|---------|

Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

| | | |
|-----------------------------|--|-----------|
| Depreciation Expense | | (251,834) |
| Net Book Value of Disposals | | (30,594) |

Bond and lease proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds and leases increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position

| | | |
|------------------------------|--|---------|
| Principal Payments | | 169,568 |
| Amortization of Bond Premium | | 20,726 |

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

The (increases) decreases in these activities consist of:

| | | |
|--------------------------|--|---------|
| Accrued Interest Payable | | 658 |
| Compensated Absences | | 10,427 |
| Pension Expense | | 344,711 |
| OPEB Expense | | 24,250 |
| | | 476,320 |

| | | |
|------------------------|----|---------|
| Change in Net Position | \$ | 476,320 |
|------------------------|----|---------|

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Ridge Academy (the School) conform to accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the School's significant accounting policies:

Reporting Entity

GASB has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The school operates under a charter granted by the District Board of Education. The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2024), there were approximately 329 FTE. The PPR rate for the fiscal year ended June 30, 2025, was approximately \$10,900.

The accompanying financial statements present the School and its component units, an entity for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The WRA Building Corporation (the Building Corporation) meets the requirements for blending.

The School is a component unit of the District and is included in the District's Annual Comprehensive Financial Report.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expense of a given function 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 individuals 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. Other items not included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Measurable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual.

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

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

General Fund – The General Fund is the School’s primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue – WRA Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Building Corporation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts, and pooled investment funds. The School’s investments in an external investment pool are carried at net asset value.

Capital Assets

Capital assets, which include land, buildings and building improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets, except for land, are depreciated. Depreciation on all assets is provided using the straight-line method over the following estimated useful lives:

| | |
|-----------------------|----------|
| Buildings | 40 Years |
| Building Improvements | 10 Years |
| Equipment | 10 Years |

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School reports deferred outflows of resources relating to its proportionate share of the net pension liability and net OPEB liability. See Note 7 and 8 for additional information.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest methods. Bonds payable are reported net of the applicable bond premium or discount.

Leases

The School determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the School's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

The School recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual lease contracts where information about the discount rate implicit in the lease is not included, the School uses the incremental borrowing rate to calculate the present value of expected lease payments.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2025. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On-Behalf Payments

Accounting principles generally accepted in the United States of America require that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 8 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School reports deferred inflows of resources relating to its proportionate share of the net pension liability and net OPEB liability. See Notes 7 and 8 for additional information.

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balances in the School's general fund indicate amounts constrained for specific purpose by external parties, constitutional provision, or enabling legislation. Restrictions on the School's general fund balance are described in Note 6.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Executive Director.

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. The School uses restricted funds prior to unrestricted funds. When both unassigned and committed or assigned resources are available for use, it is the School's policy to use committed, then assigned resources first, then unassigned resources as needed.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the School's carrying amount of deposits was \$2,976,554. The School has \$525,835 of the total deposit amount held in an account restricted for repayment of the School's line of credit.

WRA Building Corporation

The bonds require the Building Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Bond payments are made from the accounts.

At June 30, 2025, \$632,521 is held in a reserve account required by the bond agreements which is to be used for the payment of principal and interest on the bond in the event that sufficient funds are not available to make such payments when due. \$75,348 is held in reserve accounts required by the bond agreements, which are to be used for the current principal and interest payments on the bonds. \$49,727 is held in a reserve account required by the bond agreements, to be used for capital repairs and maintenance of the school building.

Investments: The School does not hold investments. The cash and investment reserve accounts owned by the Building Corporation are in the custody of the trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the trustee as directed by the Building Corporation; investments are limited to investments as allowed by the state of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to include:

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

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

WRA Building Corporation (Continued)

At June 30, 2025, the Building Corporation's investments consisted of \$757,596 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. ColoTrust offers shares in two portfolios, ColoTrust Prime and ColoTrust Plus+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. ColoTrust Plus+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. The Building Corporation's investments are in the ColoTrust Plus+ portfolio. A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by ColoTrust. ColoTrust is rated AAAM by Standard & Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk: The extent to which changes in interest rates will adversely affect the fair value of an investment is defined as interest rate risk. The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

As of June 30, 2025, the Building Corporation's investment in ColoTrust of \$757,596 has a maturity date of 12 months or less.

Credit Risk: The School has no policy toward credit risk other than to follow State statutes, which limit certain investments to those with specified ratings provided by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk: State statutes do not limit the amount the School may invest in one issuer, except for corporate securities.

Fair Value: The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

The Building Corporation's investment of \$757,596 in ColoTrust is measured at net asset value.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

| | Balance June 30, 2024 | Increases | Decreases | Balance June 30, 2025 |
|---|--------------------------|---------------------|------------------|--------------------------|
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 2,346,628 | \$ - | \$ - | \$ 2,346,628 |
| Total Capital Assets Not Being Depreciated | 2,346,628 | - | - | 2,346,628 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 7,225,999 | - | - | 7,225,999 |
| Building Improvements | 42,839 | - | - | 42,839 |
| Equipment | 440,968 | - | 33,400 | 407,568 |
| Leased Equipment | 51,720 | - | - | 51,720 |
| Total Capital Assets Being Depreciated | 7,761,526 | - | 33,400 | 7,728,126 |
| Accumulated Depreciation: | | | | |
| Buildings | (1,219,387) | (180,650) | - | (1,400,037) |
| Building Improvements | (25,052) | (4,284) | - | (29,336) |
| Equipment | (148,884) | (57,141) | (2,806) | (203,219) |
| Leased Equipment | (16,210) | (9,759) | - | (25,969) |
| Total Accumulated Depreciation | (1,409,533) | (251,834) | (2,806) | (1,658,561) |
| Total Capital Assets, Net | <u>\$ 8,698,621</u> | <u>\$ (251,834)</u> | <u>\$ 30,594</u> | <u>\$ 8,416,193</u> |

Depreciation expense of \$251,834 was charged to the instruction function of the School.

NOTE 4 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2025 were as follows:

| | Balance June 30, 2024 | Increases | Decreases | Balance June 30, 2025 | Current |
|----------------------|--------------------------|-------------|-------------------|--------------------------|-------------------|
| Bonds Payable | \$ 9,720,000 | \$ - | \$ 160,000 | \$ 9,560,000 | \$ 170,000 |
| Bonds Premium | 621,777 | - | 20,726 | 601,051 | 20,726 |
| Lease Payable | 38,418 | - | 9,568 | 28,850 | 10,046 |
| Compensated Absences | 26,728 | - | 10,427 | 16,301 | 3,260 |
| Total | <u>\$ 10,406,923</u> | <u>\$ -</u> | <u>\$ 200,721</u> | <u>\$ 10,206,202</u> | <u>\$ 204,032</u> |

The change in compensated absences liability is presented as a net change.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

On January 1, 2017, the Public Finance Authority issued its Charter School Revenue Bonds as Series 2017A and 2017B, in the amount of \$9,490,000. The bonds were issued for the WRA Building Corporation's use in the acquisition of land and construction, improvement, and equipping of educational facilities of the Building Corporation, to fund a debt service reserve fund for the Series 2017A and 2017B bonds, to fund initial interest payments on the Series 2017A and 2017B bonds and pay the cost of issuance of the Series 2017A and 2017B bonds. On June 26, 2019, the \$9,490,000 principal balance of the 2017A and 2017B bonds was refunded through the issuance of the 2019A and 2019B bonds.

On June 26, 2019, the Colorado Educational and Cultural Facilities Authority (the Authority) issued its Charter School Refunding and Improvement Revenue Bonds as Series 2019A and 2019B in the amount of \$10,430,000. The bonds were issued to refund the Series 2017A and 2017B bonds and to finance improvements of existing facilities. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation. The 2019A bonds carry interest rates of 3% to 5% and mature between June 1, 2021 and June 1, 2054. The 2019B bonds carried an interest rate of 2% and matured on June 1, 2021.

The Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the trustee. The lease revenues, which are the basis of the pledged revenues, are described in Note 5. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, \$21,383,326. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was \$616,009 for the year ended June 30, 2025.

For the year ended June 30, 2025, \$448,725 was paid in interest on the Series 2019 bonds.

The following schedule represents the School's debt service requirements to maturity for outstanding bonds at June 30, 2025:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|----------------------|
| 2026 | \$ 170,000 | \$ 440,725 | \$ 610,725 |
| 2027 | 175,000 | 432,225 | 607,225 |
| 2028 | 185,000 | 423,475 | 608,475 |
| 2029 | 195,000 | 414,225 | 609,225 |
| 2030 | 205,000 | 404,475 | 609,475 |
| 2031 - 2035 | 1,165,000 | 1,886,575 | 3,051,575 |
| 2036 - 2040 | 1,375,000 | 1,685,625 | 3,060,625 |
| 2041 - 2045 | 1,710,000 | 1,359,750 | 3,069,750 |
| 2046 - 2050 | 2,190,000 | 887,250 | 3,077,250 |
| 2051 - 2054 | 2,190,000 | 280,750 | 2,470,750 |
| Total | <u>\$ 9,560,000</u> | <u>\$ 8,215,075</u> | <u>\$ 17,775,075</u> |

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

In November 2022, the School entered into a lease agreement for copier equipment with a lease term of five years. As the lease did not contain a stated interest rate, the School assumes an incremental borrowing rate of 5% for this lease. The lease agreement includes variable costs of \$0.00695 per black and white image over 40,000 images and \$0.048 per color image over 1,712 images. The School incurred \$1,154 in variable costs during the year ended June 30, 2025. The carrying amount of the capital asset under this agreement is \$25,751, including \$25,969 of accumulated depreciation for the year ended June 30, 2025.

The principal and interest requirements to maturity of the lease are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|------------------|
| 2026 | \$ 10,046 | \$ 1,188 | \$ 11,234 |
| 2027 | 10,549 | 685 | 11,234 |
| 2028 | 8,255 | 170 | 8,425 |
| Total | <u>\$ 28,850</u> | <u>\$ 2,043</u> | <u>\$ 30,893</u> |

On January 26, 2024, the School entered into an agreement for a revolving line of credit with a maximum limit of \$500,000 with an interest rate of 9.5%. As of June 30, 2025, the School has drawn \$243,736 on the line of credit which was an outstanding liability at the end of the year. Below is a schedule of change in short-term debt for the year ended June 30, 2025:

| | <u>Balance June 30, 2024</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2025</u> |
|----------------|----------------------------------|------------------|------------------|----------------------------------|
| Line of Credit | \$ 243,736 | \$ - | \$ - | \$ 243,736 |

NOTE 5 INTRA-ENTITY LEASE

The School leases its building from the Building Corporation. The lease requires payments, which approximate the Building Corporation's required payments on the bonds and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest. Lease expense was \$616,009 for the year ended June 30, 2025, and is included in support services expenditures in the General Fund.

The lease between the School (lessee) and Building Corporation (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. Management believes the School is in compliance with the covenants.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt, and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency “reserve” of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue, eliminating the restriction of revenues on the School. The 3% emergency reserve is still required both at the District and the School level. Management believes the School is in compliance with the requirements to include emergency reserves in its budgetary basis fund balance.

The Building Corporation is required to hold funds in accounts related to its bond obligations as identified in Note 2. Net position and fund balance is restricted attributable to the restrictions on its cash and investments. The General Fund is required to hold funds in an account related to its line of credit. The restriction of \$282,099 relating to the line of credit is the amount held in the required account of \$525,835 less \$243,736 outstanding on the line of credit.

NOTE 7 DEFINED BENEFIT PENSION PLAN

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

General Information About the Pension Plan

Plan Description

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

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided as of December 31, 2024

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

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

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

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

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

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

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

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

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions Provisions as of June 30, 2025

Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. §24-51-401, et seq. and §24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025.

Employer contribution requirements are summarized in the table below:

| | July 1, 2024 Through June 30, 2025 |
|--|--|
| 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 SCHDTF | 20.38 % |

Contribution rates for the SCHDTF in the table above are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$418,431 for the year ended June 30, 2025.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. §24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity

At June 30, 2025, the School reported a liability of \$4,570,554 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

| | |
|---|--------------|
| School's Proportionate Share of the Net Pension Liability | \$ 4,570,554 |
| State's Proportionate Share of the Net Pension Liability | |
| Associated with the School | 410,508 |
| Total | \$ 4,981,062 |

At December 31, 2024, the School's proportion was 0.026488%, which was a decrease of -0.007860% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the School recognized pension expense of (\$140,028) and revenue of \$43,291 for support from the State as a nonemployer contributing entity.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between Expected and Actual Experience | \$ 258,824 | \$ - |
| Changes of Assumptions or other Inputs | 34,266 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 86,234 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | 277,182 | 953,030 |
| Contributions Subsequent to the Measurement Date | <u>204,684</u> | <u>-</u> |
| Total | <u>\$ 861,190</u> | <u>\$ 953,030</u> |

\$204,684 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2026 | \$ 13,467 |
| 2027 | 35,193 |
| 2028 | (283,684) |
| 2029 | (61,500) |

Actuarial Assumptions

The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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% |
| Future Post Retirement Benefit Increases: | |
| PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic) | 1.00% Compounded Annually Annually |
| PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic) | Financed by the Annual Increase Reserve |

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

| | Mortality Table | Adjustments, as Applicable |
|--|---------------------------------|--|
| Pre-Retirement | PubT-2010 Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | PubT-2010 Healthy Retiree | Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older |
| Post-Retirement (Beneficiary), Non-Disabled | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages Females: 105% of the rates for all ages |
| Disabled | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

| | <u>Mortality Table</u> | <u>Adjustments, as Applicable</u> |
|--|---------------------------------|---|
| Pre-Retirement | PubT-2010 Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | PubT-2010 Healthy Retiree | Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older |
| Post-Retirement (Beneficiary), Non-Disabled | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages Females: 100% of the rates for all ages |
| Disabled | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30-Year Expected Geometric Real Rate of Return</u> |
|--------------------|------------------------------|---|
| Global Equity | 51.00 % | 5.00 % |
| Fixed Income | 23.00 | 2.60 |
| Private Equity | 10.00 | 7.60 |
| Real Estate | 10.00 | 4.10 |
| Alternatives | 6.00 | 5.20 |
| Total | <u>100.00</u> | |

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

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.
- 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 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.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| | 1% Increase (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate Share of the Net Pension Liability | \$ 6,196,612 | \$ 4,570,554 | \$ 3,208,503 |

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/forms-resources/financial-reports-and-studies.

Events Subsequent to Measurement Date

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF 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.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information About the OPEB Plan

Plan Description

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

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.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

PERA Benefit Structure

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

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

DPS Benefit Structure

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

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

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 School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$20,942 for the year ended June 30, 2025.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

At June 30, 2025, the School reported a liability of \$81,095 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF .

At December 31, 2024, the School's proportion was 0.016959% which was a decrease of 0.003590% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the School recognized OPEB expense of (\$14,006). At June 30 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between Expected and Actual Experience | \$ - | \$ 17,888 |
| Changes of Assumptions or other Inputs | 930 | 25,922 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 275 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions | 15,105 | 44,912 |
| Contributions Subsequent to the Measurement Date | 10,244 | - |
| Total | <u>\$ 26,554</u> | <u>\$ 88,722</u> |

\$10,244 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2026 | \$ (11,270) |
| 2027 | (12,057) |
| 2028 | (18,308) |
| 2029 | (14,664) |
| 2030 | (10,895) |
| Thereafter | (5,218) |

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

| | Trust Fund | | | |
|--|----------------|-----------------|---|-------------------|
| | State Division | School Division | Local Government Division | Judicial Division |
| Actuarial Cost Method | | | Entry Age | |
| Price Inflation | | | 2.30% | |
| Real Wage Growth | | | 0.70% | |
| Wage Inflation | | | 3.00% | |
| Salary Increases, Including Wage Inflation | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40%-11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40% | N/A |
| Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation | | | 7.25% | |
| Health Care Cost Trend Rates | | | | |
| Service-based Premium Subsidy | | | 0.00% | |
| PERACare Medicare Plans | | | 16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034 | |
| MAPD PPO #2 | | | 105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034 | |
| Medicare Part A Premiums | | | 3.50% in 2024, gradually increasing to 4.50% in 2033 | |

As of the December 31, 2024 measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023 actuarial valuation, costs are based on 2024 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 were 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.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

| Age-Related Morbidity Assumptions | | |
|-----------------------------------|---------------------------|-----------------------------|
| Participant Age | Annual Increase (Male) | Annual Increase (Female) |
| 65-68 | 2.20% | 2.30% |
| 69 | 2.80% | 2.20% |
| 70 | 2.70% | 1.60% |
| 71 | 3.10% | 0.50% |
| 72 | 2.30% | 0.70% |
| 73 | 1.20% | 0.80% |
| 74 | 0.90% | 1.50% |
| 75-85 | 0.90% | 1.30% |
| 86 and older | 0.00% | 0.00% |

| Sample Age | MAPD PPO #1 with Medicare Part A | | MAPD PPO #2 with Medicare Part A | | MAPD HMO (Kaiser) with Medicare Part A | |
|---------------|-------------------------------------|----------|-------------------------------------|--------|---|----------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$ 1,710 | \$ 1,420 | \$ 585 | \$ 486 | \$ 1,897 | \$ 1,575 |
| 70 | \$ 1,921 | \$ 1,589 | \$ 657 | \$ 544 | \$ 2,130 | \$ 1,763 |
| 75 | \$ 2,122 | \$ 1,670 | \$ 726 | \$ 571 | \$ 2,353 | \$ 1,853 |

| Sample Age | MAPD PPO #1 without Medicare Part A | | MAPD PPO #2 without Medicare Part A | | MAPD HMO (Kaiser) without Medicare Part A | |
|---------------|--|----------|--|----------|--|----------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$ 6,536 | \$ 5,429 | \$ 4,241 | \$ 3,523 | \$ 7,063 | \$ 5,866 |
| 70 | \$ 7,341 | \$ 6,073 | \$ 4,764 | \$ 3,941 | \$ 7,933 | \$ 6,563 |
| 75 | \$ 8,110 | \$ 6,385 | \$ 5,262 | \$ 4,143 | \$ 8,763 | \$ 6,900 |

The 2024 Medicare Part A premium is \$505 per month.

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

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.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

| <u>Year</u> | <u>PERACare Medicare Plans</u> | <u>MAPD PPO #2¹</u> | <u>Medicare Part A Premiums</u> |
|-------------|------------------------------------|------------------------------------|-------------------------------------|
| 2024 | 16.00% | 105.00% | 3.50% |
| 2025 | 6.75% | 8.55% | 3.75% |
| 2026 | 6.50% | 8.10% | 3.75% |
| 2027 | 6.25% | 7.65% | 4.00% |
| 2028 | 6.00% | 7.20% | 4.00% |
| 2029 | 5.75% | 6.75% | 4.25% |
| 2030 | 5.50% | 6.30% | 4.25% |
| 2031 | 5.25% | 5.85% | 4.25% |
| 2032 | 5.00% | 5.40% | 4.25% |
| 2033 | 4.75% | 4.95% | 4.50% |
| 2034+ | 4.50% | 4.50% | 4.50% |

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Mortality assumptions used in the December 31, 2023 valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023 valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|---|---|--|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| School Division | PubT-2010 Healthy Retiree | Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older |
| Judicial Division | PubG-2010(A) Above-Median Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages Females: 105% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

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

- Per capita health care costs in effect as of the December 31, 2023 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 were updated to reflect costs for the 2024 plan year.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023 valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023 valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020 to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023 to December 31, 2024:

| | State Division | School Division | Local Government Division | Judicial Division |
|---|----------------|-----------------|---------------------------------|-------------------|
| Salary increases, including wage inflation: | | | | |
| Members other than Safety Officers | 2.70% - 13.30% | 4.00% - 13.40% | 3.40% - 13.00% | 2.30% - 4.70% |
| Safety Officers | 3.20% - 16.30% | N/A | 3.20% - 16.30% | N/A |

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded

| | With Medicare Part A | Without Medicare Part A |
|-------------------|----------------------|-------------------------|
| MAPD PPO #1 | \$ 1,824 | \$ 6,972 |
| MAPD PPO #2 | 624 | 4,524 |
| MAPD HMO (Kaiser) | 2,040 | 7,596 |

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|---|---|--|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages Females: 85% of the rates prior to age 80 / 105% of the rates age 85 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| School Division | PubT-2010 Healthy Retiree | Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85 / 115% of the rates age 85 and older |
| Judicial Division | PubG-2010(A) Above-Median Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages Females: 100% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019 meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30-Year Expected Geometric Real Rate of Return</u> |
|--------------------|------------------------------|---|
| Global Equity | 51.00 % | 5.00 % |
| Fixed Income | 23.00 | 2.60 |
| Private Equity | 10.00 | 7.60 |
| Real Estate | 10.00 | 4.10 |
| Alternatives | 6.00 | 5.20 |
| Total | <u>100.00</u> | |

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

Sensitivity of the School's proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table 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:

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare Trend Rate ¹ | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare Trend Rate | 3.50% | 4.50% | 5.50% |
| Initial MAPD PPO#2 Trend Rate ¹ | 7.55% | 8.55% | 9.55% |
| Ultimate MAPD PPO#2 Trend Rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A Trend Rate ¹ | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A Trend Rate | 3.50% | 4.50% | 5.50% |
| Proportionate Share of the Net OPEB Liability | \$ 78,910 | \$ 81,095 | \$ 83,567 |

¹ For the January 1, 2025 plan year.

Discount Rate

The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023 and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024 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.
- As of the December 31, 2024 measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

The following table 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 1-percentage-point lower (6.25%) or 1-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 | \$ 99,383 | \$ 81,095 | \$ 65,328 |

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/forms-resources/financial-reports-and-studies.

NOTE 9 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The School maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**WEST RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RESTATEMENT OF NET POSITION

During the year ended June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of implementation of this standard, the School restated beginning net position for governmental activities relating to the liability for compensated absences relating to leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The effect of implementation of this standard is shown in the table below.

| | Governmental Activities |
|--|----------------------------|
| 6/30/24 Net Position, as Previously Reported | \$ (3,663,751) |
| Implementation of GASB Statement No. 101, <i>Compensated Absences</i> | (26,728) |
| 6/30/24 Net Position, as Restated | \$ (3,690,479) |

WEST RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2025

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
| REVENUES | | | | |
| Per Pupil Funding | \$ 3,807,876 | \$ 3,587,824 | \$ 3,594,567 | \$ 6,743 |
| State and Federal Sources | 363,722 | 405,876 | 410,610 | 4,734 |
| Local Sources | 520,750 | 946,488 | 1,011,432 | 64,944 |
| Interest Income | 108,000 | 108,000 | 106,784 | (1,216) |
| Total Revenues | <u>4,800,348</u> | <u>5,048,188</u> | <u>5,123,393</u> | <u>75,205</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 2,599,273 | 2,925,620 | 2,558,622 | 366,998 |
| Support Services | 2,126,678 | 1,990,842 | 2,388,142 | (397,300) |
| Debt Service | - | - | 32,898 | (32,898) |
| Capital Outlay | 6,850 | 80,476 | - | 80,476 |
| Total Expenditures | <u>4,732,801</u> | <u>4,996,938</u> | <u>4,979,662</u> | <u>17,276</u> |
| NET CHANGE IN FUND BALANCE | 67,547 | 51,250 | 143,731 | 92,481 |
| Fund Balance - Beginning of Year | <u>2,590,877</u> | <u>2,516,404</u> | <u>2,516,404</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 2,658,424</u></u> | <u><u>\$ 2,567,654</u></u> | <u><u>\$ 2,660,135</u></u> | <u><u>\$ 92,481</u></u> |

See accompanying Notes to Required Supplementary Information.

WEST RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUILDING CORPORATION
YEAR ENDED JUNE 30, 2025

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------------|--------------------------|--------------------------|---|
| REVENUES | | | | |
| Rental Income | \$ 565,000 | \$ 565,000 | \$ 616,009 | \$ 51,009 |
| Interest Income | 40,000 | 40,000 | 39,456 | (544) |
| Total Revenues | <u>605,000</u> | <u>605,000</u> | <u>655,465</u> | <u>50,465</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 160,000 | 160,000 | 160,000 | - |
| Interest and Fiscal Charges | 449,000 | 449,000 | 450,788 | (1,788) |
| Total Expenditures | <u>609,000</u> | <u>609,000</u> | <u>610,788</u> | <u>(1,788)</u> |
| NET CHANGE IN FUND BALANCE | (4,000) | (4,000) | 44,677 | (48,677) |
| Fund Balance - Beginning of Year | <u>712,918</u> | <u>712,919</u> | <u>712,919</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>\$ 708,918</u></u> | <u><u>\$ 708,919</u></u> | <u><u>\$ 757,596</u></u> | <u><u>\$ 48,677</u></u> |

See accompanying Notes to Required Supplementary Information.

**WEST RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

| Fiscal Year | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Plan Measurement Date, Ending December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| School's Proportion of the Net Pension Liability | 0.026488% | 0.034348% | 0.029803% | 0.035254% | 0.036539% | 0.028049% | 0.025185% | 0.021124% | 0.016593% | 0.015204% |
| School's Proportionate Share of the Net Pension Liability | \$ 4,570,554 | \$ 6,073,892 | \$ 5,426,897 | \$ 4,102,640 | \$ 5,523,955 | \$ 4,190,386 | \$ 4,459,493 | \$ 6,830,873 | \$ 4,940,296 | \$ 2,325,400 |
| State's Proportionate Share of the Net Pension Liability Associated with the School ** | 410,508 | 133,182 | 1,581,453 | 470,315 | - | 531,497 | 609,773 | - | - | - |
| Total | \$ 4,981,062 | \$ 6,207,074 | \$ 7,008,350 | \$ 4,572,955 | \$ 5,523,955 | \$ 4,721,883 | \$ 5,069,266 | \$ 6,830,873 | \$ 4,940,296 | \$ 2,325,400 |
| School's Covered Payroll | \$ 2,045,009 | \$ 2,269,509 | \$ 2,299,636 | \$ 2,203,266 | \$ 1,952,928 | \$ 1,654,348 | \$ 1,384,266 | \$ 971,906 | \$ 744,542 | \$ 662,603 |
| School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 223.5% | 267.6% | 236.0% | 186.2% | 282.9% | 253.3% | 322.2% | 702.8% | 663.5% | 350.9% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.2% | 64.7% | 61.8% | 74.9% | 67.0% | 64.5% | 57.0% | 44.0% | 43.1% | 59.2% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. House Bill 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020 for the 2020-2021 fiscal year.

See accompanying Notes to Required Supplementary Information.

**WEST RIDGE ACADEMY
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS***

| Fiscal Year | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Contractually Required Contribution | \$ 418,431 | \$ 417,123 | \$ 477,579 | \$ 440,565 | \$ 435,387 | \$ 347,839 | \$ 291,602 | \$ 228,675 | \$ 144,336 | \$ 126,388 |
| Contributions in Relation to the Contractually Required Contribution | 418,431 | 417,123 | 477,579 | 440,565 | 435,387 | 347,839 | 291,602 | 228,675 | 144,336 | 126,388 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's Covered Payroll | \$ 2,051,544 | \$ 2,045,602 | \$ 2,342,169 | \$ 2,216,124 | \$ 2,190,075 | \$ 1,794,836 | \$ 1,524,307 | \$ 1,210,054 | \$ 784,795 | \$ 712,223 |
| Contributions as a Percentage of Covered Payroll | 20.4% | 20.4% | 20.4% | 19.9% | 19.9% | 19.4% | 19.1% | 18.9% | 18.4% | 17.7% |

* The amounts presented for each fiscal year were determined as of June 30.

**WEST RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS***

| Fiscal Year | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Plan Measurement Date Ending December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| School's Proportion (Percentage) of the Collective Net OPEB Liability | 0.016959% | 0.020549% | 0.022662% | 0.023018% | 0.021119% | 0.018326% | 0.016370% | 0.012003% | 0.009431% |
| School's Proportionate Share of the Collective Net OPEB Liability | \$ 81,095 | \$ 146,660 | \$ 185,029 | \$ 198,487 | \$ 200,674 | \$ 205,980 | \$ 222,724 | \$ 155,988 | \$ 122,283 |
| Covered Payroll | 2,045,009 | 2,269,509 | 2,299,636 | 2,203,266 | 1,952,928 | 1,654,348 | 1,384,266 | 971,906 | 744,542 |
| School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 4.0% | 6.5% | 8.0% | 9.0% | 10.3% | 12.5% | 16.1% | 16.0% | 16.4% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 59.8% | 46.2% | 38.6% | 39.4% | 32.8% | 24.5% | 17.0% | 17.5% | 16.7% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan.
Information earlier than 2017 was not available.

**WEST RIDGE ACADEMY
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS***

| Fiscal Year | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Contractually Required Contribution | \$ 20,942 | \$ 20,877 | \$ 23,902 | \$ 22,604 | \$ 22,339 | \$ 18,307 | \$ 15,545 | \$ 12,343 | \$ 8,003 | \$ 7,265 |
| Contributions in Relation to the Contractually Required Contribution | 20,942 | 20,877 | 23,902 | 22,604 | 22,339 | 18,307 | 15,545 | 12,343 | 8,003 | 7,265 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's Covered Payroll | \$ 2,051,544 | \$ 2,045,602 | \$ 2,342,169 | \$ 2,216,124 | \$ 2,190,075 | \$ 1,794,836 | \$ 1,524,307 | \$ 1,210,054 | \$ 784,795 | \$ 712,223 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

* The amounts presented for each fiscal year were determined as of June 30.

WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's board of directors to obtain parents and other members of the public comment and recommendations.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's board of directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the board of directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the board of directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's board of directors on May 13, 2024.
- h) All appropriations lapse at the end of each fiscal year.

For the year ended June 30, 2025, the School recorded expenditures of \$1,788 in excess of the amount budgeted for the Building Corporation. This may be a violation of Colorado budget law.

WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

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

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1%, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

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

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- As of the December 31, 2024 measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.

WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- MAPD premium costs are no longer age graded.

Changes in assumptions or other input effective for the December 31, 2023 measurement period are as follows:

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

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, 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.
- Health care cost trend rates were revised to reflect an expectation of future increases in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

**WEST RIDGE ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 3 CHANGES IN OPEB BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS (CONTINUED)

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019, 2018, or 2017 measurement periods for OPEB.



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