# COLORADO SPRINGS CHARTER ACADEMY

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2026

**COLORADO SPRINGS CHARTER ACADEMY**
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**JUNE 30, 2026**


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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado Springs Charter Academy

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colorado Springs Charter Academy as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Colorado Springs Charter Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Colorado Springs Charter Academy, as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Colorado Springs Charter Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Colorado Springs Charter Academy's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Colorado Springs Charter Academy's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Colorado Springs, Colorado
October 14, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help the Colorado Springs Charter Academy stakeholders understand what the financial statements and notes in this financial report say about the Colorado Springs Charter Academy's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Colorado Springs Charter Academy finances.

If you have questions about this report or require further information, contact the business office at 2577 North Chelton Road, Colorado Springs, CO 80909.

## OVERVIEW OF THE FINANCIAL STATEMENTS

Colorado Springs Charter Academy financial report contains basic financial statements. Those financial statements present the Colorado Springs Charter Academy's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the Colorado Springs Charter Academy's governmental activities. (See the diagram in Figure A-1.)

- Governmental activities comprise Colorado Springs Charter Academy primary functions, including instruction, supporting services, school or general administration, operations and maintenance, food service, and other programs and services provided to students, staff, and the community. Governmental activities are financed primarily through state equalization (PPR), grants, and other revenues received from the State of Colorado, the federal government, and other local sources, as applicable to Colorado Springs Charter Academy.

The remaining basic financial statements present Colorado Springs Charter Academy's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The following reports are four groups of funds:

- *Governmental fund financial statements* report all the governmental activities except those that involve providing services to Colorado Springs Charter Academy's departments. In addition to the Colorado Springs Charter Academy's main operating General Fund, the academy also has the Facility Corp Fund, Building Corp Fund and finally the Pupil Activities Fund.

The next section of this financial report contains *notes on financial statements* which delve deeper into Colorado Springs Charter Academy's finances as reported in the financial statements. The information in the notes is as important to understanding Colorado Springs Charter Academy's finances as the information in the financial statements. Colorado Springs Charter Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

## TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of Colorado Springs Charter Academy's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting*. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources that Colorado Springs Charter Academy controls, from short-term assets like cash to long-term assets debt service payments on loans.
- *Liabilities*—amounts that Colorado Springs Charter Academy owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- *Deferred outflows of resources and deferred inflows of resources*—flows that occurred during the year, or in prior years, which will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing debt or selling equipment, as well as principal and interest payments on debt and spending on the construction of a building.

More detail about the measurement focuses and bases of accounting can be found in Note 1 to financial statements, the summary of significant accounting policies.

## ANALYSIS OF THE COLORADO SPRINGS CHARTER ACADEMY'S FINANCES

**Table A-1**
**Colorado Springs Charter Academy-Change in Net Position**

| | Governmental Activities | | Total Percentage Change |
|---|---|---|---|
| | 2026 | 2025 | 2026-2025 |
| Current and other assets | $ 12,752,319 | $ 5,203,589 | 145.1% |
| Capital assets, net | 3,701,031 | 3,230,232 | 14.6% |
| Total assets | 16,453,350 | 8,433,821 | 95.1% |
| Deferred outflows of resources | 895,518 | 914,216 | -2.0% |
| Long-term liabilities | 17,685,333 | 9,929,963 | 78.1% |
| Other liabilities | 238,990 | 212,022 | 12.7% |
| Total liabilities | 17,924,323 | 10,141,985 | 76.7% |
| Deferred inflows of resources | 771,169 | 467,527 | 64.9% |
| Net position | | | |
| Net investment in capital assets | (1,529,590) | (2,016,249) | -24.1% |
| Restricted | 872,963 | 1,266,797 | -31.1% |
| Unrestricted | (689,997) | (512,023) | 34.8% |
| Total net position | $ (1,346,624) | $ (1,261,475) | 6.7% |

Table A-1 shows that as of June 30, 2026, Colorado Springs Charter Academy's total net position—assets and deferred outflows minus liabilities and deferred inflows—was $(1,346,624), a decrease of $85,149 or 6.7% percent compared with 2025. This decrease is primarily due to a $7,755,370 increase in Long-term liabilities which was a 78.1% percent increase over 2025.

## Governmental activities

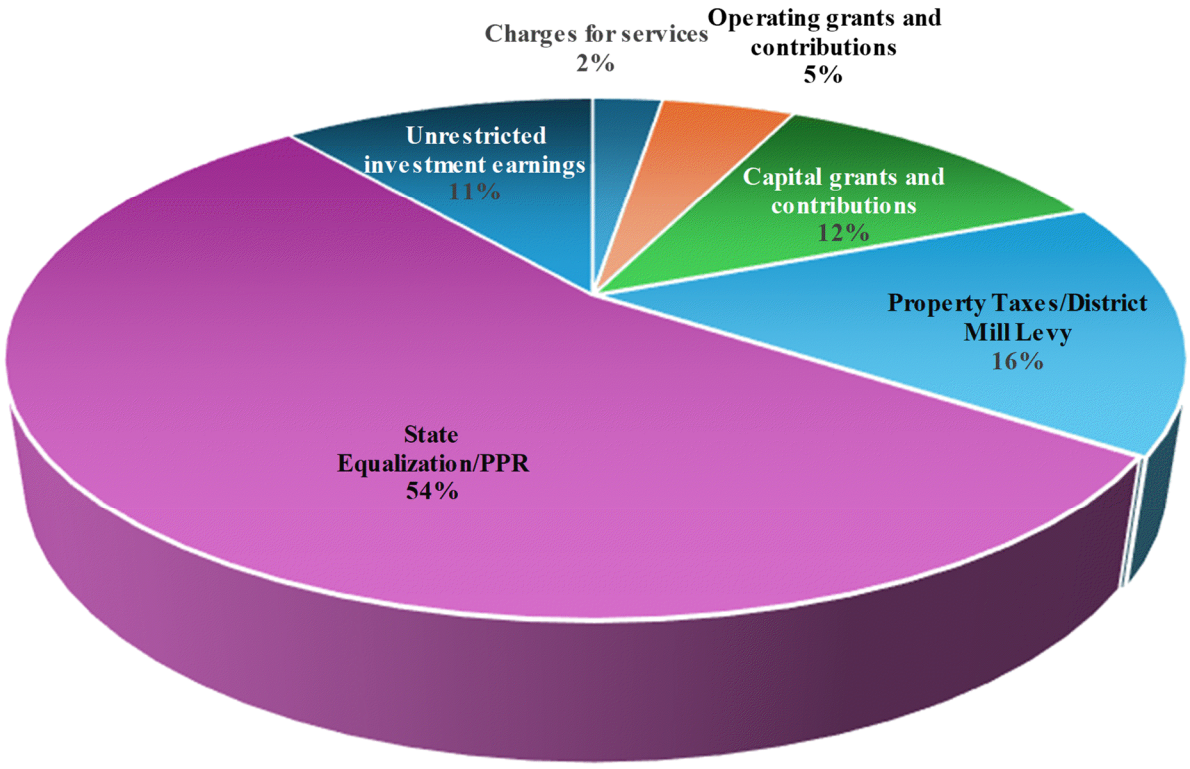
Table A-2 shows that expenses exceeded revenues by $85,149 in the current year, resulting in a decrease in net position. Figures A-3 and A-4 show a breakout of revenue by source and expenditure by function. The total net position of Colorado Springs Charter Academy's governmental activities was $(1,346,624), a decrease of $85,149 from 2025. Various events contributed to this decrease in net position; however, the 4 primary factors affecting the change in net position are as follows:

1) Increase shown in Capital grants and contributions.
2) Increase in unrestricted investment earnings
3) Decrease in funding received for state equalization/PPR
4) Increases in expenses Instruction, Supporting Services and Fiscal Charges

**Table A-2**
**Changes in Net Position**

| | Governmental Activities | | Total Percentage Change |
|---|---|---|---|
| | 2026 | 2025 | 2026-2025 |
| **Revenues** | | | |
| Program Revenues: | | | |
| Charges for services | $ 146,507 | $ 575,310 | -74.5% |
| Operating grants and contributions | 279,341 | 294,932 | -5.3% |
| Capital grants and contributions | 714,733 | 114,993 | 521.5% |
| General revenues: | | | |
| Property Taxes/District Mill Levy | 943,183 | 1,093,385 | -13.7% |
| State Equalization/PPR | 3,286,285 | 3,745,752 | -12.3% |
| Grants and contributions not restricted to specific programs | - | 1,336 | |
| Unrestricted investment earnings | 655,713 | 28,659 | 2188.0% |
| Miscellaneous | | 8,043 | |
| Special Item: ERTC Tax Credit | - | 883,208 | -100.0% |
| **Total revenues** | 6,025,762 | 6,745,618 | -10.7% |
| **Expenses** | | | |
| Instruction | 2,873,190 | 2,609,796 | 10.1% |
| Supporting Services | 2,345,861 | 1,867,702 | 25.6% |
| Interest and Fiscal Charges | 891,860 | 298,452 | 198.8% |
| **Total Expenses** | 6,110,911 | 4,775,950 | 28.0% |
| Change in net position | (85,149) | 1,969,668 | -104.3% |
| Net position - beginning | (1,261,475) | (3,231,143) | -61.0% |
| Net position - ending | $ (1,346,624) | $ (1,261,475) | 6.7% |

**Figure A-3 Governmental Activities - Revenues by Source**




## Growth in operating grants and contributions

There were increases in 2026 in capital grants and contributions. Capital grants and contributions, which accounted for 12% percent of overall revenues for governmental activities, increased from $114,993 in 2025 to $714,733 in 2026.

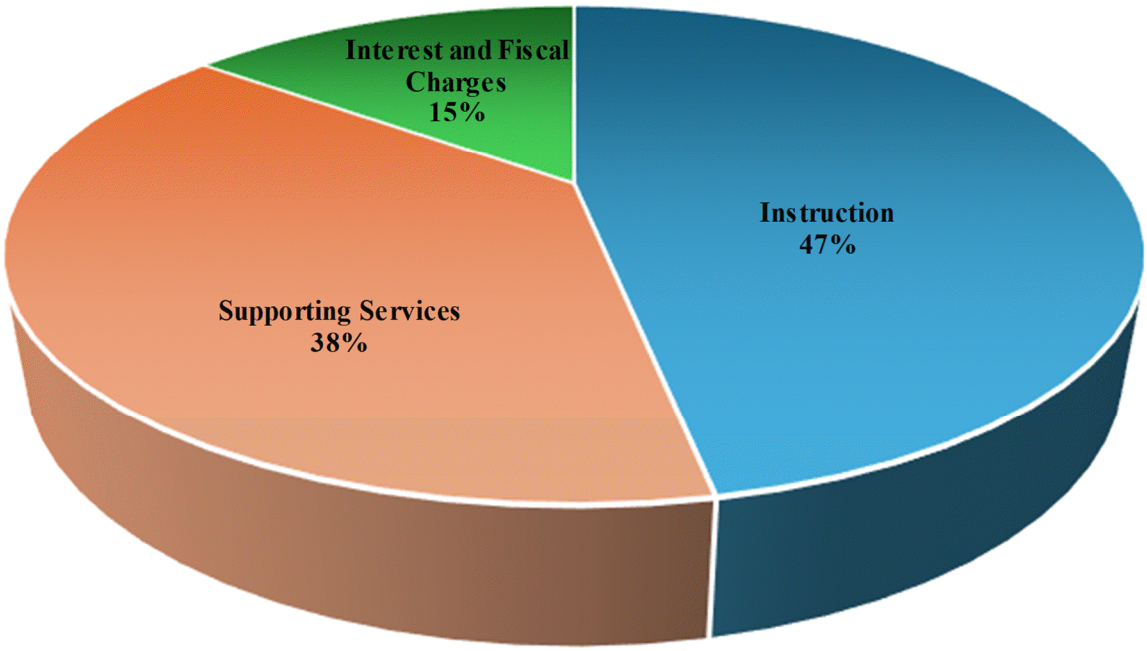
Colorado Springs Charter Academy had a favorable increase in investment earnings totaling $655,713 during the 2026 fiscal year. This is an increase of 2188% from 2025. Colorado Springs Charter Academy continues to utilize investment earnings at Colorado Trust which is a fully liquid investment vehicle earning average daily yield interest earning capabilities.

**State Equalization/Per Pupil Revenue (PPR)**

The largest source of governmental activities revenue for CSCA is state equalization/per pupil revenue, which amounted to $3,286,285 in 2026, or 55% percent of total governmental activities revenue. State equalization/per pupil revenue however decreased -12.3% percent in 2026 due to changes in funded pupil count, formula funding, and other factors affecting per pupil revenue.

State equalization/per pupil revenue is determined under the Colorado school finance formula and is funded through a combination of local and state sources. For entities funded under that formula, increases in local property tax and specific ownership tax collections may reduce the state share, while decreases in local collections may increase the state share, without necessarily changing the total amount of formula funding received.

**Figure A-4 Governmental Activities - Expenses by Function**




**Increases in expenses for certain programs and functions**

The increases in revenue were accompanied by an increase in Colorado Springs Charter Academy's costs of providing services. Governmental activities expenses rose 28% percent overall. CSCA largest area of expenditure continues to be in their instructional services, making up 47% of the general expenses. Contract-related increases as well as health benefits continue to be increasing at a comparable rate of costs of living expenses.

Expenses for supporting services is at 38% percent of total expenses. Included in this area are property purchased services (utilities and repairs to facilities), consumable supplies utilized in the instructional as well as administrative areas, contracts related to purchased services, travel for field trips for experiential learning opportunities and finally property and liability insurance.

Interest in long-term debt for governmental activities, which approximates 15% of total expenses. This reflects the banking fees and fees related to processing the monthly payroll as well as a one-time expense to Colorado Springs Charter Academy during the purchase of the building. This debt activity is discussed in detail starting in Note 6 of the audit report.

**Net position and GASB 68 (pensions) and GASB 75 (OPEB)**

Colorado Springs Charter Academy participates in the statewide PERA and OPEB program administered by the Colorado Public Employees' Retirement Association. Each year Colorado Springs Charter Academy records its proportional share of the State's unfunded pension and OPEB liability. Colorado Springs Charter Academy also records its proportional share of the related deferred inflows and outflows related to these items. These calculations are complex and can vary from year to year and additional information can be found in notes 7 and 8 in the financial statements. Accordingly, Management believes it is important to disclose what net position would be.

**Net Position Excluding Pension and OPEB Related Items**

| | Governmental Activities | | Total Percentage Change |
|---|---|---|---|
| | 2026 | 2025 | 2026v2025 |
| Total net position | $ (1,346,624) | $ (1,261,475) | 6.7% |
| Add net pension liability | 4,508,190 | 4,601,832 | -2.0% |
| Add OPEB liability | 49,822 | 81,650 | -39.0% |
| Add deferred pension inflows | 698,489 | 395,155 | 76.8% |
| Add deferred OPEB inflows | 72,680 | 72,372 | 0.4% |
| Less deferred pension outflows | (873,024) | (900,824) | -3.1% |
| Less deferred OPEB outflows | (22,494) | (13,392) | 68.0% |
| Total net position excluding pension and OPEB related items | $ 3,087,039 | $ 2,975,318 | 3.8% |

**GOVERNMENTAL FUNDS**

Colorado Springs Charter Academy reports four major funds individually in the governmental fund financial statements. Those funds are the general fund-11, the pupil activity fund-23, the capital project fund-41 and the building corporation fund-51. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to Colorado Springs Charter Academy's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. These four major funds are shown in Table A-3 and are discussed in more detail below.

Table A-3

| General Fund-11 | | |
|---|---|---|
| | 2026 | 2025 |
| **Revenues** | | |
| Local sources | $ 1,172,662 | $ 1,215,843 |
| State sources | 4,163,455 | 4,013,971 |
| Federal sources | 99,824 | 117,286 |
| **Total revenues** | 5,435,941 | 5,347,100 |
| **Expenditures** | | |
| Instruction | 2,706,878 | 2,844,190 |
| Supporting services | 2,020,482 | 1,672,797 |
| Debt Service - Interest | 947 | 1,499 |
| Debt Service - Principal | 11,610 | 11,057 |
| **Total Expenditures** | 4,739,917 | 4,529,543 |
| Excess (deficiency) of revenues over expenditures | 696,024 | 817,557 |
| **Other financing sources (uses)** | | |
| Proceeds from Long Term Debt | | |
| Special Item-ERTC Tax Credit | - | 883,208 |
| Transfers | (746,172) | - |
| **Total other financing sources (uses)** | (746,172) | 883,208 |
| Net change in fund balances | (50,148) | 1,700,765 |
| Fund balance - beginning | 3,952,470 | 2,251,705 |
| Fund balance - ending | $ 3,902,322 | $ 3,952,470 |

Table A-3 continued

| Pupil Activities-23 | |
|---|---|
| | 2026 |
| **Revenues** | |
| Local sources | $ 7,866 |
| | - |
| | - |
| **Total revenues** | 7,866 |
| **Expenditures** | |
| Instruction | 2,220 |
| Supporting Services | - |
| | - |
| | - |
| **Total Expenditures** | 2,220 |
| Excess (deficiency) of revenues over expenditures | 5,646 |
| **Other financing sources (uses)** | |
| | - |
| | - |
| Transfers | - |
| **Total other financing sources (uses)** | - |
| Net change in fund balances | 5,646 |
| Fund balance - beginning | - |
| Fund balance - ending | $ 5,646 |

Table A-3 continued

| Capital Projects-41 | |
|---|---|
| | 2026 |
| **Revenues** | |
| Local sources | $ - |
| | - |
| | - |
| **Total revenues** | - |
| **Expenditures** | |
| Supporting Services | 746,319 |
| | - |
| | - |
| | - |
| **Total Expenditures** | 746,319 |
| Excess (deficiency) of revenues over expenditures | (746,319) |
| **Other financing sources (uses)** | |
| | |
| | |
| Transfers | 746,178 |
| **Total other financing sources (uses)** | 746,178 |
| Net change in fund balances | (141) |
| Fund balance - beginning | - |
| Fund balance - ending | $ (141) |

Table A-3 continued

| Building Corporation-51 | | |
|---|---|---|
| | 2026 | 2025 |
| **Revenues** | | |
| Local sources | $ 564,874 | $ 509,446 |
| | - | - |
| | - | - |
| **Total revenues** | 564,874 | 509,446 |
| **Expenditures** | | |
| Debt Service: | - | - |
| Interest | 283,431 | 294,456 |
| Principal | 215,000 | 205,000 |
| Issuance Costs | 463,547 | 5,266 |
| **Total Expenditures** | 961,978 | 504,722 |
| Excess (deficiency) of revenues over expenditures | (397,104) | 4,724 |
| **Other financing sources (uses)** | | |
| Proceeds from Long Term Debt | 13,120,000 | - |
| Payments to Escrow Agent | (5,156,485) | - |
| Transfers | (6) | - |
| **Total other financing sources (uses)** | 7,963,509 | - |
| Net change in fund balances | 7,566,405 | 4,724 |
| Fund balance - beginning | 1,039,907 | 1,034,372 |
| Fund balance - ending | $ 8,605,502 | $ 1,039,907 |

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

## General fund

The fund balance of Colorado Springs Charter Academy's general fund decreased from the prior year by $(50,148). This is due to the transfer of funds from the general fund to the capital reserve fund to help support the renovation activity that Colorado Springs Charter Academy has upcoming that will upgrade the facility and add a middle school facility. The prior year 2024-25 had also accepted a one-time special funding source in the amount of $883,208 that was not repeated in 2025-26.

## Pupil Activity Fund

The ending fund balance of Colorado Springs Charter Academy's pupil activity fund is a positive $5,646 at the ending of the fiscal year. The purpose of this fund is to account for clubs and activities that are student raised funding. This fund is new as of the 2025-26 fiscal year.

### Building corporation fund

The fund balance of Colorado Springs Charter Academy's Building Corporation Fund increased by $7,566,405, primarily reflecting the $13,120,000 of new debt proceeds, net of the payment to the escrow agent and other current-year activity.

### Capital projects fund

The building fund began the year with no fund balance. Expenditures of $746,319 exceeded transfers in $746,178, resulting in an ending fund balance deficit of $(141).

## SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

On May 19, 2026, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $13,120,000 of Charter School Revenue bonds Series 2026. Proceeds of the bonds were loaned to the building corporation to refinance the note payable from the series 2010 bond issue and capital costs. The building corporation is required to make equal loan payments to the Trustee (UMB Bank) for the repayment of the bonds. The bonds accrue interest ranging from 5.75% to 7.25% per annum. Interest payments will be made twice a year. Once in January and again in July. Principal payments are due annually beginning in 2029 starting in July. The balloon payment is due July 2033. This is explained in further detail in Note 6 of the audit report.

## CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Colorado Springs Charter Academy (CSCA) is aware of several developments and conditions that are expected to have an impact on the school's finances during the 2026–27 fiscal year and were therefore considered in the development of the school's budget:

1. Enrollment
2. State per-pupil revenue changes
3. Employee compensation and staffing adjustments
4. Changes in grant funding
5. Facility and construction-related expenditure
6. Continued special education costs

### Enrollment

The 2026–27 budget was developed using a projected enrollment of 287.5 students. Enrollment is expected to remain stable. CSCA will continue to monitor throughout the fiscal year because changes in funded pupil count may affect actual revenue. CSCA has also engaged in an aggressive marketing program to continue to engage new families.

**State Per-Pupil Revenue Changes**

Recent changes in Colorado's school finance formula are expected to result in increased per-pupil revenue. At the time of budget development, CSCA based their funding base on a PPA rate of 11,430.56 per enrolled student.

**Employee Compensation and Staffing Adjustments**

The CSCA Board continues to keep an eye on the staffing needs to include supporting staff so that the school to maintains an efficient level of staffing while the student population has decreased in the prior few years.

**Changes in Grant Funding**

Loss of this funding will continue to be considered in determining staffing, programming, and General Fund obligations for the upcoming year. CSCA continues to rely on additional funding sources to help maintain the programs offered as well as maintaining the facility. These revenues and their associated expenditures have been incorporated into the 2026–27 budget.

**Facility and Construction-Related Expenditures**

CSCA continues to experience significant facility-related financial needs as the school is located in a facility originally built in 1965. This facility has been home to CSCA since 2005 and has needs to address the needs of an aging facility. These obligations have been considered in the development of the 2026–27 budget.

**Continued Special Education Costs**

CSCA serves students with varied special education needs, resulting in personnel, contracted service, and programmatic expenditures. Although the School is not anticipating a significant change in its special education model for 2026–27, CSCA maintains funding necessary to support existing special education programming and services.

**Overall Budget Considerations**

CSCA developed the 2026–27 budget using the best information available at the time of adoption. The school will continue to monitor enrollment, implementation of the State's revised school finance formula, grant revenues, personnel expenditures, construction closeout costs, and student service needs throughout the fiscal year. Budget amendments will be presented to the Board as necessary to reflect material changes in revenues, expenditures, or other known financial conditions. The first amended budget will be presented in the late fall of 2026 to adjust to the verified student count for the fiscal year.

The first mid-year amendment to Colorado Springs Charter Academy’s operating budget to address budgetary variances identified in the actual results is in November. Key elements of the amendment included updates for enrollment and state equalization/per pupil revenue, revisions to grant and program budgets, and adjustments to staffing and other operating expenditures. The Board of Education,

governing board, Colorado Springs Charter Academy maintained the required TABOR 3% if general fund annual budgeted expense. To provide additional budgetary flexibility without drawing on those reserves, Colorado Springs Charter Academy identified positions that are vacant or expected to become vacant that could be filled more slowly than originally planned and adjusted department and school budgets accordingly. Colorado Springs Charter Academy's board of directors' reviews budget to actual financial reports each month during the board of director's meeting so that they can continuously monitor the health and well-being of the organization in a timely manner.

# BASIC FINANCIAL STATEMENTS

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF NET POSITION**
**JUNE 30, 2026**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 3,483,780 |
| Restricted cash and investments | 8,563,603 |
| Grants receivables | 621,645 |
| Intergovernmental receivables | 83,291 |
| Capital assets, not being depreciated | 751,218 |
| Capital assets, net of accumulated depreciation | 2,949,813 |
| Total Assets | 16,453,350 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred pension outflows | 873,024 |
| Deferred OPEB outflows | 22,494 |
| Total Deferred Outflows of Resources | 895,518 |
| **LIABILITIES** | |
| Accounts payable and other accrued liabilities | 69,452 |
| Accrued salaries and benefits | 169,538 |
| Long-term liabilities: | |
| Due within one year | 7,321 |
| Due in more than one year | 13,120,000 |
| Net pension liability | 4,508,190 |
| Net OPEB liability | 49,822 |
| Total Liabilities | 17,924,323 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred pension inflows | 698,489 |
| Deferred OPEB inflows | 72,680 |
| Total Deferred Inflows of Resources | 771,169 |
| **NET POSITION** | |
| Net investment in capital assets | (1,529,590) |
| Restricted for: | |
| TABOR | 162,000 |
| Special Education | 44,200 |
| Debt Service | 666,763 |
| Unrestricted | (689,997) |
| Total Net Position (deficit) | $ (1,346,624) |

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

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2026**

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions | Net (Expense) Revenue and Change in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Instruction | $ 2,873,190 | $ 146,507 | $ 260,245 | $ - | $ (2,466,438) |
| Supporting services | 2,345,861 | - | 19,096 | 714,733 | (1,612,032) |
| Interest and other fiscal charges | 891,860 | - | - | - | (891,860) |
| Total governmental activities | $ 6,110,911 | $ 146,507 | $ 279,341 | $ 714,733 | (4,970,330) |
| General revenues: | | | | | |
| Per pupil revenue | | | | | 3,286,285 |
| Mill levy override | | | | | 943,183 |
| Unrestricted investment earnings | | | | | 655,713 |
| Total general revenues | | | | | 4,885,181 |
| Change in net position | | | | | (85,149) |
| Net position - beginning (deficit) | | | | | (1,261,475) |
| Net position - ending (deficit) | | | | | $ (1,346,624) |

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

**COLORADO SPRINGS CHARTER ACADEMY**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2026**

| | General Fund | Facility Corp Fund | Building Fund | Pupil Activity Fund | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and investments | $ 3,477,503 | $ - | $ - | $ 6,277 | $ 3,483,780 |
| Restricted cash and investments | - | 8,563,603 | - | - | 8,563,603 |
| Grants receivables | 621,645 | - | - | - | 621,645 |
| Intergovernmental receivables | 41,392 | 41,899 | - | - | 83,291 |
| Total Assets | $ 4,140,540 | $ 8,605,502 | $ - | $ 6,277 | $ 12,752,319 |
| **LIABILITIES** | | | | | |
| Accounts payable and other accrued liabilities | $ 68,680 | $ - | $ 141 | $ 631 | $ 69,452 |
| Accrued salaries and benefits | 169,538 | - | - | - | 169,538 |
| Total Liabilities | 238,218 | - | 141 | 631 | 238,990 |
| **FUND BALANCE** | | | | | |
| Restricted for: | | | | | |
| TABOR | 162,000 | - | - | - | 162,000 |
| Special Education | 44,200 | - | - | - | 44,200 |
| Capital projects | - | 7,896,841 | - | - | 7,896,841 |
| Debt service | - | 708,661 | - | - | 708,661 |
| Committed | - | - | - | 5,646 | 5,646 |
| Assigned | - | - | - | - | - |
| Unassigned | 3,696,122 | - | (141) | - | 3,695,981 |
| Total Fund Balance | 3,902,322 | 8,605,502 | (141) | 5,646 | 12,513,329 |
| Total Liabilities and Fund Balance | $ 4,140,540 | $ 8,605,502 | $ - | $ 6,277 | $ 12,752,319 |

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

**COLORADO SPRINGS CHARTER ACADEMY**
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2026**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

| | | |
|---|---|---|
| Total Fund Balance of Governmental Funds | | $ 12,513,329 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. | | |
| Capital assets, not being depreciated | $ 751,218 | |
| Capital assets, net of accumulated depreciation/amortization | 2,949,813 | 3,701,031 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds: | | |
| Loan payable | $ (13,120,000) | |
| Lease payable | (7,321) | |
| Net pension liability | (4,508,190) | |
| Pension outflows | 873,024 | |
| Pension inflows | (698,489) | |
| Net OPEB liability | (49,822) | |
| OPEB outflows | 22,494 | |
| OPEB inflows | (72,680) | (17,560,984) |
| Total Net Position of Governmental Activities | | $ (1,346,624) |

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

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | General Fund | Facility Corp Fund | Building Fund | Pupil Activity Fund | Total |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Local sources | $ 1,172,662 | $ 564,874 | $ - | $ 7,866 | $ 1,745,402 |
| State sources | 4,163,455 | - | - | - | 4,163,455 |
| Federal sources | 99,824 | - | - | - | 99,824 |
| Total revenues | 5,435,941 | 564,874 | - | 7,866 | 6,008,681 |
| **EXPENDITURES** | | | | | |
| Instruction | 2,706,878 | - | - | 2,220 | 2,709,098 |
| Supporting services | 2,020,482 | - | 746,319 | - | 2,766,801 |
| Debt service: | | | | | |
| Interest | 947 | 283,431 | - | - | 284,378 |
| Principal | 11,610 | 215,000 | - | - | 226,610 |
| Issuance costs | - | 463,547 | - | - | 463,547 |
| Total expenditures | 4,739,917 | 961,978 | 746,319 | 2,220 | 6,450,434 |
| Excess (deficiency) of revenues over expenditures | 696,024 | (397,104) | (746,319) | 5,646 | (441,753) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers in (out) | (746,172) | (6) | 746,178 | - | - |
| Proceeds from long-term debt | - | 13,120,000 | - | - | 13,120,000 |
| Payments to escrow agent | - | (5,156,485) | - | - | (5,156,485) |
| Total other financing sources (uses) | (746,172) | 7,963,509 | 746,178 | - | 7,963,515 |
| Net change in fund balance | (50,148) | 7,566,405 | (141) | 5,646 | 7,521,762 |
| Fund balance, beginning | 3,952,470 | 1,039,097 | - | - | 4,991,567 |
| Fund balance, ending | $ 3,902,322 | $ 8,605,502 | $ (141) | $ 5,646 | $ 12,513,329 |

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

**COLORADO SPRINGS CHARTER ACADEMY**
**RECONCILIATION OF THE STATEMENT O FREVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2026**

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

| | | |
|---|---|---|
| Net Change in Fund Balance of Governmental Funds | | $ 7,521,762 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | | |
| Depreciation/amortization expense | $ (280,419) | |
| Capital outlays | 751,218 | 470,799 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Principal payments | $ 226,610 | |
| Payments to escrow agent | 5,156,485 | |
| Interest expense | (106,485) | |
| Bond discount amortization | (37,450) | |
| Proceeds from bond issuance | (13,120,000) | (7,880,840) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Changes in pension related items | $ (237,492) | |
| Changes in OPEB related items | 40,622 | (196,870) |
| Change in Net Position of Governmental Activities | | $ (85,149) |

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

# NOTES TO FINANCIAL STATEMENTS

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Colorado Springs Charter Academy (the School) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

### *A. REPORTING ENTITY*

Colorado Springs Charter Academy (the School) was organized in 2004 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School operates under the oversight of the Colorado Charter School Institute (CSI) receives the majority of its funding through CSI.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units are, in substance, part of the School's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the School.

*Blended component unit.* The School includes the Colorado Springs Charter Academy Facility, Inc. (the Facility Corp) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Facility Corp is reported as a special revenue fund and does not issue separate financial statements.

Based on the application of these criteria, the School does not include additional organizations within its reporting entity.

### *B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by per pupil revenue and intergovernmental revenues.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The School reports the following major governmental funds:

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

The *Facility Corp Fund* - This fund is used to account for the financial activities of the Facility Corporation, including facilities acquisition and construction and the related debt service.

The *Building Fund* is used to account for all resources available for acquiring capital sites, buildings, and equipment.

Additionally, the School reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

*C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the School considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the School the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School.

### *D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE*

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

#### *Investments*

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

#### *Receivables*

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital assets*

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than $15,000 are reported as capital assets.

As the School constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the School are depreciated/amortized using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 15-30 years |
| Vehicles and equipment | 5 years |

*Accrued Salaries and Benefits*

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

*Unearned Revenue*

Unearned revenue includes resources received by the School before the related revenue can be recognized because the earnings process is not complete.

*Deferred outflows/inflows of resources*

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Leases*

Lessee: The School is a lessee for noncancellable leases of equipment. The School recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Long-term liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Pensions*

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

*OPEB*

Colorado Springs Charter Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the 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.

*Net position*

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. REVENUES AND EXPENDITURES/EXPENSES*

*Compensated Absences*

The School recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

*F. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*G. UPCOMING ACCOUNTING AND REPORTING CHANGES*

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025 and is effective for fiscal years beginning after June 15, 2026. This statement defines subsequent events, modifies the subsequent events time frame, and requires the date through which subsequent events have been evaluated to be disclosed.

Management has not yet determined the effect this statement will have on the School’s financial statements.

## NOTE 2 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2026 is as follows:

| | |
|---|---|
| Deposits | $ 1,086,484 |
| Investments | 10,960,899 |
| Total | $ 12,047,383 |

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

| | |
|---|---|
| Cash and investments | $ 3,483,780 |
| Restricted cash and investments | 8,563,603 |
| Total | $ 12,047,383 |

*Cash deposits with financial institutions*

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2026 was $1,086,484 and the bank balances were $1,330,503. Of the bank balances, $292,020 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

*Investments*

The School is authorized by Colorado statutes to invest in the following:

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2026 the School's investment balances were as follows:

| Investment Type | Year-end Balance | Measurement | Maturity | Standard & Poor's Rating |
|---|---|---|---|---|
| ColoTrust | $ 10,960,899 | Net asset value | Less than 90 days | AAAm |

*Local Government Investment Pools.* The Colorado Local Government Liquid Asset Trust (ColoTrust), is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Local Government Investment Pools in the state of Colorado. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the School has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and School policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the School's investment in a single issuer. The School places no limit on the amount it may invest in any one issuer. More than 20 percent of the School's investments are in ColoTrust. These investments are 100% of the School's total investments.

*Fair value of investments*. The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

School investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

## NOTE 3 – INTERFUND TRANSFERS

*Interfund transfers*

The composition of interfund transfers for the year ended June 30, 2026, is as follows:

| | Transfers From Other Funds | Transfers To Other Funds |
|---|---|---|
| General Fund | $ - | $ 746,172 |
| Facility Corp Fund | - | 6 |
| Building Fund | 746,178 | - |
| Total | $ 746,178 | $ 746,178 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

## NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

| *Governmental Activities* | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Construction in progress | $ - | $ 751,218 | $ - | $ 751,218 |
| Total capital assets not being depreciated | - | 751,218 | - | 751,218 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 7,317,461 | - | - | 7,317,461 |
| Vehicles and equipment | 148,168 | - | - | 148,168 |
| Total capital assets being depreciated | 7,465,629 | - | - | 7,465,629 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (4,132,152) | (253,170) | - | (4,385,322) |
| Vehicles and equipment | (122,388) | (15,639) | - | (138,027) |
| Total accumulated depreciation | (4,254,540) | (268,809) | - | (4,523,349) |
| Total capital assets being depreciated, net | 3,211,089 | (268,809) | - | 2,942,280 |
| Lease assets being amortized: | | | | |
| Vehicles and equipment | 52,206 | - | - | 52,206 |
| Total lease assets being amortized | 52,206 | - | - | 52,206 |
| Less accumulated amortization for: | | | | |
| Vehicles and equipment | (33,063) | (11,610) | - | (44,673) |
| Total accumulated amortization | (33,063) | (11,610) | - | (44,673) |
| Total lease assets being amortized, net | 19,143 | (11,610) | - | 7,533 |
| Capital assets, net of accumulated depreciation/amortization | 3,230,232 | (280,419) | - | 2,949,813 |
| Total governmental activites capital assets | $ 3,230,232 | $ 470,799 | $ - | $ 3,701,031 |

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the School as follows:

| *Governmental Activities* | |
|---|---|
| Supporting services | $ 280,419 |

## NOTE 5 – LEASES

*School as lessee*

The School, as a lessee, has entered into lease agreements for equipment with lease terms of 5 years. The total costs of these right-to-use lease assets are recorded as $52,206, less accumulated amortization of $44,673. The School has determined that as of June 30, 2026, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2026 are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 7,321 | $ 3,142 | $ 10,463 |

## NOTE 6 – LONG-TERM LIABILITIES

*2010 Building Loan*

In February 2010, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $7,355,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the Facility Corp to refinance the note payable and other capital costs. The School is obligated under a lease agreement to make monthly lease payments to the Facility Corp for the use of educational facilities. The Facility Corp is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest ranging from 5.25% to 5.60% per annum. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually on July 1 through 2040. The loan was paid off with the 2026 Charter School Refunding & Revenue Bonds, Series 2026.

*2026 Building Loan*

On May 19, 2026, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $13,120,000 Charter School Refunding & Revenue Bonds. Proceeds of the bonds were loaned to the Facility Corp to refinance the loan payable and other capital costs. The School is obligated under a lease agreement to make monthly lease payments to the Facility Corp for the use of educational facilities. The Facility Corp is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest ranging from 5.75% to 7.25% per annum. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually beginning on July 1, 2029 with a balloon payment due on July 1, 2033.

**NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)**

Annual debt service requirements to maturity for loan payable is as follows:

| Fiscal Year Ending June 30 | Governmental Activities Principal | Interest |
|---|---|---|
| 2027 | $ - | $ 467,202 |
| 2028 | - | 757,625 |
| 2029 | - | 757,625 |
| 2030 | 140,000 | 752,550 |
| 2031 | 150,000 | 742,600 |
| 2032 - 2034 | 12,830,000 | 1,816,138 |
| Total | $ 13,120,000 | $ 5,293,740 |

Changes in the School's long-term liabilities for the year ended June 30, 2026, are as follows:

| *Governmental Activities* | Beginning Balance | Debt Issued and Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Loan payable | $ 5,265,000 | $ 13,120,000 | $ (5,265,000) | $ 13,120,000 | $ - |
| Discount | (37,450) | - | 37,450 | - | - |
| Total loan payable | 5,227,550 | 13,120,000 | (5,227,550) | 13,120,000 | - |
| Leases | 18,931 | - | (11,610) | 7,321 | 7,321 |
| Net pension liability | 4,601,832 | 546,366 | (640,008) | 4,508,190 | - |
| Net OPEB liability | 81,650 | 19,566 | (51,394) | 49,822 | - |
| *Total Governmental Activities* | $ 9,929,963 | $ 13,685,932 | $ (5,930,562) | $ 17,685,333 | $ 7,321 |

Loans are liquidated in the Facility Corp fund. All other long-term liabilities are liquidated in the General fund.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN

*General Information about the Pension Plan*

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

*Benefits provided as of December 31, 2025.* 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 the 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 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of 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, 2026:* Eligible employees of, Colorado Springs Charter Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2025 through June 30, 2026. Employer contribution requirements are summarized in the table below:

| | July 1, 2025 Through June 30, 2026 |
|---|---|
| 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 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 Colorado Springs Charter Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Colorado Springs Charter Academy were $503,337 for the year ended June 30, 2026.

**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 2025, 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 DPS Division Trust Fund. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual Direct Distribution.

*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, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. The Colorado Springs Charter Academy proportion of the net pension liability was based on Colorado Springs Charter Academy contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2026, the Colorado Springs Charter Academy reported a liability of $4,508,190 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Colorado Springs Charter Academy 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 Colorado Springs Charter Academy were as follows:

| | | |
|---|---|---|
| Colorado Springs Charter Academy proportionate share of the net pension liability | $ | 4,508,190 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Colorado Springs Charter Academy | | 423,666 |
| Total | $ | 4,931,856 |

At December 31, 2025, the Colorado Springs Charter Academy proportion was 0.0289062059%, which was an increase of 0.0022364915% from its proportion measured as of December 31, 2024.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2026, the Colorado Springs Charter Academy recognized pension expense of $740,828 and revenue of $61,958 for support from the State as a nonemployer contributing entity. At June 30, 2026, the Colorado Springs Charter Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 271,324 | $ - |
| Changes of assumptions or other inputs | 22,131 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 540,816 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 322,348 | 157,673 |
| Contributions subsequent to the measurement date | 257,221 | N/A |
| Total | $ 873,024 | $ 698,489 |

$257,221 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, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2027 | $ 341,308 |
| 2028 | (156,138) |
| 2029 | (131,249) |
| 2030 | (136,607) |
| 2031 | - |
| Thereafter | - |

## NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Actuarial assumptions.* The December 31, 2024, 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 | 4.00% – 13.40% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually) | 1.00% |
| PERA benefit structure hired after 12/31/06[1] | Financed by the AIR |

[1] 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 the 2024 adjusted MP-2021 scale.

| | Mortality Table | Adjustments, as Applicable |
|---|---|---|
| Pre-Retirement | PubT-2010 Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | PubT-2010 Healthy Retiree | **Males**: 106% of the rates for all ages<br>**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<br>**Females:** 100% of the rates for all ages |
| Disabled | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

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.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| 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 | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

*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 current member contribution rates in effect for each year, reflecting the prior increases as required by SB 18-200 and 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.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- Employer contributions were assumed to be made at the current fixed statutory rates specified in law for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employer contributions also include current and 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. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. 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 because, per statute, AIR amounts cannot be used to pay benefits until they are transferred out of the AIR to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the AIR and the related benefit payments were included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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 plan members and were not projected to reach a depletion date. 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 Colorado Springs Charter Academy proportionate share of the net pension liability to changes in the discount rate.* The following table 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% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $ 6,377,812 | $ 4,508,190 | $ 2,942,615 |

*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.

## NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

*General Information about the OPEB Plan*

*Plan description.* Eligible employees of the Colorado Springs Charter Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the 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.

*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.

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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

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

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Colorado Springs Charter Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Colorado Springs Charter Academy were $25,192 for the year ended June 30, 2026.

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

At June 30, 2026, the Colorado Springs Charter Academy reported a liability of $49,822 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The Colorado Springs Charter Academy proportion of the net OPEB liability was based on Colorado Springs Charter Academy contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

## NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2025, the Colorado Springs Charter Academy proportion was 0.0184900795%, which was an increase of 0.0014145515% from its proportion measured as of December 31, 2024.

For the year ended June 30, 2026, the Colorado Springs Charter Academy recognized OPEB expense of $(15,430). At June 30, 2026, the Colorado Springs Charter Academy 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 | $ - | $ 20,159 |
| Changes of assumptions or other inputs | 547 | 24,184 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 7,957 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 9,073 | 20,380 |
| Contributions subsequent to the measurement date | 12,874 | N/A |
| Total | $ 22,494 | $ 72,680 |

$12,874 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, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---|---|
| 2027 | $ (17,636) |
| 2028 | (20,764) |
| 2029 | (12,624) |
| 2030 | (8,341) |
| 2031 | (3,253) |
| Thereafter | (442) |

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

*Actuarial assumptions.* The December 31, 2024 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 | 4.00% - 13.40% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | 8.00% in 2025, gradually decreasing to 4.50% in 2035 |
| Medicare Part A premiums | 3.50% in 2025, gradually increasing to 4.50% in 2033 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

Each year the per capita health care costs are developed by plan option. As of the December 31, 2024, actuarial valuation, costs are based on 2025 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. MAPD premium costs are not age graded, an allowed exception under Section 3.7.7 (c) of Actuarial Standard of Practice No. 6.

| Plan | With Medicare Part A | Without Medicare Part A |
|---|---|---|
| MAPD PPO #1 | $4,188 | $8,928 |
| MAPD PPO #2 | 2,028 | 5,508 |
| MAPD HMO (Kaiser) | 2,040 | 7,596 |

The 2025 Medicare Part A premium is $518 per month.

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

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|---|---|---|
| 2025 | 8.00% | 3.50% |
| 2026 | 7.65% | 3.75% |
| 2027 | 7.30% | 3.75% |
| 2028 | 6.95% | 4.00% |
| 2029 | 6.60% | 4.00% |
| 2030 | 6.25% | 4.25% |
| 2031 | 5.90% | 4.25% |
| 2032 | 5.55% | 4.25% |
| 2033 | 5.20% | 4.50% |
| 2034 | 4.85% | 4.50% |
| 2035+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2024, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2024, 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 the 2024 adjusted MP-2021 scale. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

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

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, 2024, 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 2025 plan year.

- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

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.

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

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.

## NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| 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** | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

*Sensitivity of the Colorado Springs Charter Academy 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:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate[1] | 6.65% | 7.65% | 8.65% |
| Ultimate PERACare Medicare 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% |
| Net OPEB Liability | $47,751 | $49,822 | $52,166 |

[1]For the January 1, 2026, plan year.

**NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

*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, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). 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, 2025, 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. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

- 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.

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 and were not projected to reach a depletion date. 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.

## NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*Sensitivity of the Colorado Springs Charter Academy 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 | $68,595 | $49,822 | $33,631 |

*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 and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

## NOTE 10 – COMMITMENTS AND CONTINGENCIES

*Grants*

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

*Construction commitments*

The School has active construction projects as of June 30, 2026. The projects are for renovations of the School's educational facilities. At year end, the School's commitments with contractors are as follows:

| Project | Spent-to-Date | Remaining commitment |
|---|---|---|
| CSCA renovation project | $ 691,885 | $ 1,467,744 |

## NOTE 11 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2026 there is a $162,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

# REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO SPRINGS CHARTER ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**SCHOOL DIVISION TRUST FUND**
**JUNE 30, 2026**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.0289062059% | 0.0266697144% | 0.0290793992% | 0.0243670255% | 0.0327637303% | 0.0367235216% | 0.0326951809% | 0.0312621618% | 0.0340841910% | 0.0292642670% |
| Employer's proportionate share of the net pension liability (asset) | $ 4,508,190 | $ 4,601,832 | $ 5,142,233 | $ 4,437,105 | $ 3,812,835 | $ 5,551,856 | $ 4,884,589 | $ 5,535,608 | $ 11,021,616 | $ 8,713,104 |
| State's proportionate share of the net pension liability (asset) associated with the Employer | 423,666 | 413,318 | 112,754 | 1,293,017 | 437,093 | - | 784,720 | 756,918 | - | - |
| Total | $ 4,931,856 | $ 5,015,150 | $ 5,254,987 | $ 5,730,122 | $ 4,249,928 | $ 5,551,856 | $ 5,669,309 | $ 6,292,526 | $ 11,021,616 | $ 8,713,104 |
| Employer's covered payroll | $ 2,343,205 | $ 2,060,892 | $ 1,922,411 | $ 1,879,635 | $ 2,047,630 | $ 1,964,025 | $ 1,921,375 | $ 1,718,649 | $ 1,572,263 | $ 1,313,433 |
| Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 192.39% | 223.29% | 267.49% | 236.06% | 186.21% | 282.68% | 254.22% | 322.09% | 701.00% | 663.38% |
| Plan fiduciary net position as a percentage of the total pension liability | 71.7% | 67.2% | 64.7% | 61.8% | 74.9% | 67.0% | 64.5% | 57.0% | 44.0% | 43.1% |

* The amounts presented for each year were determined as of December 31.

See the accompanying independent auditors' report.

**COLORADO SPRINGS CHARTER ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS**
**SCHOOL DIVISION TRUST FUND**
**JUNE 30, 2026**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 503,337 | $ 453,162 | $ 396,402 | $ 379,390 | $ 393,331 | $ 392,798 | $ 374,147 | $ 340,873 | $ 308,407 | $ 318,370 |
| Contributions in relation to the contractually required contribution | (503,337) | (453,162) | (396,402) | (379,390) | (393,331) | (392,798) | (374,147) | (340,873) | (308,407) | (318,370) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Employer's covered payroll | $ 2,469,759 | $ 2,223,561 | $ 1,945,055 | $ 1,861,581 | $ 1,978,527 | $ 1,975,843 | $ 1,930,583 | $ 1,781,877 | $ 1,633,512 | $ 1,732,155 |
| Contributions as a percentage of covered payroll | 20.38% | 20.38% | 20.38% | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.88% | 18.38% |

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

See the accompanying independent auditors' report.

**COLORADO SPRINGS CHARTER ACADEMY**
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**
**SCHOOL DIVISION TRUST FUND**
**JUNE 30, 2026**

## NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

*2025 Changes in Plan Provisions Since 2024*

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500,000 on or after July 1, 2025, and before October 1, 2025. These dollars are held by PERA in a custodial capacity on behalf of the State of Colorado 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 automatic adjustment provision (AAP) assessment ratio below the 98% benchmark and the alternative allocation method results in an AAP ratio that meets or exceeds the 98% benchmark.

HB 26-1400, enacted June 1, 2026, and effective July 1, 2026, modifies the allocation of the direct distribution. Beginning with the direct distribution on July 1, 2026, and annually thereafter, PERA is required to allocate the direct distribution to the Division Trust Funds on an actuarial basis. HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

## NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

*2025 Changes in Assumptions or Other Inputs Since 2024*

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

**COLORADO SPRINGS CHARTER ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**
**HEALTH CARE TRUST FUND**
**JUNE 30, 2026**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Employer's proportion of the net OPEB liability (asset) | 0.0184900795% | 0.0170755280% | 0.0173966242% | 0.0185298856% | 0.0213921994% | 0.0212510593% | 0.0213647750% | 0.0203205653% | 0.0191980496% | 0.0156520615% |
| Employer's proportionate share of the net OPEB liability (asset) | $ 49,822 | $ 81,650 | $ 124,164 | $ 151,293 | $ 184,466 | $ 201,933 | $ 240,140 | $ 276,470 | $ 249,498 | $ 202,934 |
| Employer's covered payroll | $ 2,343,205 | $ 2,060,892 | $ 1,922,411 | $ 1,879,635 | $ 2,047,630 | $ 1,964,025 | $ 1,921,375 | $ 1,718,649 | $ 1,572,263 | $ 1,313,433 |
| Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 2.13% | 3.96% | 6.46% | 8.05% | 9.01% | 10.28% | 12.50% | 16.09% | 15.87% | 15.45% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 76.1% | 59.8% | 46.2% | 38.6% | 39.4% | 32.8% | 24.5% | 17.0% | 17.5% | 16.7% |

* The amounts presented for each year were determined as of December 31.

See the accompanying independent auditors' report.

**COLORADO SPRINGS CHARTER ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS**
**HEALTH CARE TRUST FUND**
**JUNE 30, 2026**

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 25,192 | $ 22,681 | $ 19,840 | $ 18,989 | $ 20,181 | $ 20,151 | $ 19,692 | $ 18,175 | $ 16,647 | $ 16,730 |
| Contributions in relation to the contractually required contribution | (25,192) | (22,681) | (19,840) | (18,989) | (20,181) | (20,151) | (19,692) | (18,175) | (16,647) | (16,730) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Employer's covered payroll | $ 2,469,759 | $ 2,223,561 | $ 1,945,055 | $ 1,861,581 | $ 1,978,527 | $ 1,975,843 | $ 1,930,583 | $ 1,781,877 | $ 1,633,512 | $ 1,640,237 |
| 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.

See the accompanying independent auditors' report.

**COLORADO SPRINGS CHARTER ACADEMY**
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**
**HEALTH CARE TRUST FUND**
**JUNE 30, 2026**

## NOTE 1 – SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION

*2025 Changes in Plan Provisions Since 2024*

There were no changes made to plan provisions.

## NOTE 2 – SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

*2025 Changes in Assumptions or Other Inputs Since 2024*

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

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | Budgeted Amounts | | | | |
|---|---|---|---|---|---|
| | Original | Final | Variance with Original Budget | Actual Amounts | Variance with Final Budget |
| **REVENUES** | | | | | |
| Local sources | $ 74,500 | $ 233,050 | $ (158,550) | $ 1,172,662 | $ 939,612 |
| State sources | 5,267,565 | 4,485,614 | 781,951 | 4,163,455 | (322,159) |
| Federal sources | 114,734 | 114,734 | - | 99,824 | (14,910) |
| Total revenues | 5,456,799 | 4,833,398 | 623,401 | 5,435,941 | 602,543 |
| **EXPENDITURES** | | | | | |
| Instruction | 2,624,849 | 2,419,565 | 205,284 | 2,706,878 | (287,313) |
| Supporting services | 2,494,093 | 2,413,833 | 80,260 | 2,020,482 | 393,351 |
| Debt service: | | | | | |
| Interest | - | - | - | 947 | (947) |
| Principal | - | - | - | 11,610 | (11,610) |
| Total expenditures | 5,118,942 | 4,833,398 | 285,544 | 4,739,917 | 93,481 |
| Excess (deficiency) of revenues over expenditures | 337,857 | - | 337,857 | 696,024 | 696,024 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers in (out) | - | - | - | (746,172) | (746,172) |
| Total other financing sources (uses) | - | - | - | (746,172) | (746,172) |
| Net change in fund balances | 337,857 | - | 337,857 | (50,148) | (50,148) |
| Fund balances - beginning | 2,769,496 | 3,952,470 | (1,182,974) | 3,952,470 | - |
| Fund balance - ending | $ 3,107,353 | $ 3,952,470 | $ (845,117) | $ 3,902,322 | $ (50,148) |

See the accompanying Independent Auditors' Report.

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**FACILITY CORP FUND**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | Budgeted Amounts | | | | |
|---|---|---|---|---|---|
| | Original | Final | Variance with Original Budget | Actual Amounts | Variance with Final Budget |
| **REVENUES** | | | | | |
| Local sources | $ - | $ 498,481 | $ (498,481) | $ 564,874 | $ 66,393 |
| Total revenues | - | 498,481 | (498,481) | 564,874 | 66,393 |
| **EXPENDITURES** | | | | | |
| Debt service: | | | | | |
| Interest | - | 283,431 | (283,431) | 283,431 | - |
| Principal | - | 215,000 | (215,000) | 215,000 | - |
| Issuance costs | - | - | - | 463,547 | (463,547) |
| Total expenditures | - | 498,431 | (498,431) | 961,978 | (463,547) |
| Excess (deficiency) of revenues over expenditures | - | 50 | (50) | (397,104) | (397,154) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers in (out) | - | - | - | (6) | (6) |
| Proceeds from long-term debt | - | - | - | 13,120,000 | 13,120,000 |
| Payments to escrow agent | - | - | - | (5,156,485) | (5,156,485) |
| Total other financing sources (uses) | - | - | - | 7,963,509 | 7,963,509 |
| Net change in fund balances | - | 50 | (50) | 7,566,405 | 7,566,355 |
| Fund balances - beginning | - | - | - | 1,039,097 | 1,039,097 |
| Fund balance - ending | $ - | $ 50 | $ (50) | $ 8,605,502 | $ 8,605,452 |

See the accompanying Independent Auditors' Report.

**COLORADO SPRINGS CHARTER ACADEMY**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON**
**JUNE 30, 2026**

*Budgetary Information*

Budgets are required by State law for all funds, except fiduciary funds. The Head of School submits a proposed budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the School and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Directors to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Head of School. Revisions that alter the total expenditures in any fund must be approved by the Board of Directors. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Directors.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the School budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Head of School and/or Board of Directors throughout the year. All appropriations lapse at the end of each fiscal year.

A budget was not adopted for the Building fund.

*Excess of Expenditures over Appropriations*

For the year ended June 30, 2026, expenditures exceeded appropriations in the Facility Corp Fund and Pupil Activity Funds by $463,547 and $210 respectively. These over-expenditures were funded by greater than anticipated revenues.

*Deficit Fund Equity*

At June 30, 2026, the Building Fund has a deficit fund balance of $141. This deficit will be eliminated through a budgeted transfer from the General Fund during the 2026/2027 fiscal year.

**COLORADO SPRINGS CHARTER ACADEMY**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON**
**JUNE 30, 2026**

*General Fund Budgetary Highlights*

*Original budget compared to final budget.* The most significant differences between the original and final budget were as follows:

| Revenue source | Original Budget | Final Budget | Difference |
|---|---|---|---|
| Local Sources | 74,500 | 233,050 | (158,550) |
| State Sources | 5,267,565 | 4,485,614 | 781,951 |

| Expenditures | Original Budget | Final Budget | Difference |
|---|---|---|---|
| Instruction | 2,624,849 | 2,419,565 | 205,284 |
| Supporting Services | 2,494,093 | 2,413,833 | 80,260 |

The budget was amended in January of 2026 to accurately reflect additional revenue received in interest earnings as well as recognize the actual student count from October 2025 that was 251 students. State sources is a combination of student count funding (PPR), mill levy funding and state grants awarded to the school. From the original budget to the final adopted budget, we see a decrease in funding of $(781,951). The local sources category, however, received an increase in expected revenue of $158,550 that was comprised of interest earnings as well as additional funding collected through local activities. The instruction area of the expenditures had a decrease from the adopted budget in the amount of $(205,284) due to staffing adjustments as well as lower than anticipated costs with supplies and curriculum. Supporting services is another area that had a decrease in budget expenses in the amount of $(80,260) that was caused by less than anticipated maintenance needs for the year.

*Final budget compared to actual results.* The most significant differences between the final budget and actual results were as follows:

| Revenue source | Final Budget | Actual revenues | Difference |
|---|---|---|---|
| Local Sources | 233,050 | 1,172,662 | 939,612 |
| State Sources | 4,485,614 | 4,163,455 | (322,159) |

| Expenditures | Final Budget | Actual expenditures | Difference |
|---|---|---|---|
| Instruction | 2,419,565 | 2,706,878 | (287,313) |
| Supporting Services | 2,413,833 | 2,020,482 | 393,351 |

**COLORADO SPRINGS CHARTER ACADEMY**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON**
**JUNE 30, 2026**

The budget compared to actual activity showed an increase in local sources in the amount of $939,612 that was due to the schools share in the mill levy revenues and a decrease in state sources in the amount of $(322,159) largely contributed to decrease in student count and how that applies to state grant sources.

*Facility Corp Fund Budgetary Highlights*

*Final budget compared to actual results.* The most significant differences between the final budget and actual results were as follows:

| Revenue source | Final Budget | Actual revenues | Difference |
|---|---|---|---|
| Local Sources | 498,481 | 564,874 | 66,393 |

| Expenditures | Final Budget | Actual expenditures | Difference |
|---|---|---|---|
| Debt Service | 498,431 | 961,978 | (463,547) |

| Other financing sources (uses) | Final Budget | Actual expenditures | Difference |
|---|---|---|---|
| Proceeds from long-term debt | - | 13,120,000 | 13,120,000 |
| Payments to escrow agent | - | (5,156,485) | (5,156,485) |

Colorado Springs Charter Academy refinanced and reissued bond debt in May, 2026 that contributed to the additional funding received in the amount of $66,393 from what had been budgeted. The increase in expense for the debt service was attributed to the bond refinance and reissue as well. This increase was in the amount of $463,547. Other financing sources is reflective of the bond issue concluding in May, 2026.

# SUPPLEMENTARY INFORMATION

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**BUILDING FUND**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Local sources | $ - | $ - | $ - |
| Total revenues | - | - | - |
| **EXPENDITURES** | | | |
| Supporting services | - | 746,319 | (746,319) |
| Total expenditures | - | 746,319 | (746,319) |
| Excess (deficiency) of revenues over expenditures | - | (746,319) | (746,319) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in (out) | - | 746,178 | 746,178 |
| Total other financing sources (uses) | - | 746,178 | 746,178 |
| Net change in fund balances | - | (141) | (141) |
| Fund balances, beginning | - | - | - |
| Fund balance, ending | $ - | $ (141) | $ (141) |

See the accompanying Independent Auditors' Report

**COLORADO SPRINGS CHARTER ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**PUPIL ACTIVITY FUND**
**FOR THE YEAR ENDED JUNE 30, 2026**

| | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Local sources | $ 2,010 | $ 7,866 | $ 5,856 |
| Total revenues | 2,010 | 7,866 | 5,856 |
| **EXPENDITURES** | | | |
| Instruction | 700 | 2,220 | (1,520) |
| Supporting services | 1,310 | - | 1,310 |
| Total expenditures | 2,010 | 2,220 | (210) |
| Net change in fund balances | - | 5,646 | 5,646 |
| Fund balances, beginning | - | - | - |
| Fund balance, ending | $ - | $ 5,646 | $ 5,646 |

See the accompanying Independent Auditors' Report