Littleton Preparatory Charter School

(a component unit of Arapahoe County School District Number Six)

Financial Report
with Supplementary Information
June 30, 2023

Contents

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Independent Auditor's Report

To the Governing Board
Littleton Preparatory Charter School

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major funds of Littleton Preparatory Charter School (the "School") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Littleton Preparatory Charter School's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Littleton Preparatory Charter School as of June 30, 2023 and the respective changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Governing Board
Littleton Preparatory Charter School

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023 on our consideration of Littleton Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Littleton Preparatory Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Littleton Preparatory Charter School's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 13, 2023

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Governing Board
Littleton Preparatory Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Littleton Preparatory Charter School (the "School") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To Management and the Governing Board
Littleton Preparatory Charter School

Purpose of This Report

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

Plante & Moran, PLLC

October 13, 2023

This section of the annual financial report for Littleton Preparatory Charter School (the "School") presents our discussion and analysis of the School's financial performance during the year ended June 30, 2023. Please read it in conjunction with the School's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Littleton Preparatory Charter School financially as a whole. The government-wide financial statements provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School's operations in more detail than the government-wide financial statements by providing information about the School's funds, the General Fund, the Building Corporation Fund, and the Operations and Technology Fund. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Special Revenue Funds

Schedule of the School's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Reporting the School as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School is, “As a whole, what is the School's financial condition as a result of the year's activities?” The statement of net position and the statement of activities, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School's operating results. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School.

The statement of net position and the statement of activities report the governmental activities for the School, which encompass all of the School’s services, including instruction and support services. Property taxes, unrestricted state aid, and state and federal grants finance most of these activities.

Reporting the School's Fund Financial Statements

The School’s fund financial statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required to be established by state law and by bond covenants. However, the School also establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The Littleton Preparatory Charter School Building Corporation (the "Building Corporation") is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to the School for governmental use. The Building Corporation provides services entirely to the School. Due to this relationship, the Building Corporation is reported as if it were part of or blended with the School’s operations as a special revenue fund.

The School as a Whole

Recall that the statement of net position provides the perspective of the School as a whole. The following table provides a summary of the School's net position as of June 30, 2023 and 2022:

	Governmental Activities	
	2023	2022
	(in millions)	
Assets		
Current and other assets	$ 4.1	$ 3.6
Capital assets	6.4	6.6
Total assets	10.5	10.2
Deferred Outflows of Resources	1.7	1.5
Liabilities		
Current liabilities	0.4	0.4
Noncurrent liabilities	6.2	6.4
Net pension liability	7.4	6.2
Net OPEB liability	0.3	0.3
Total liabilities	14.3	13.3
Deferred Inflows of Resources	1.4	3.3
Net Position (Deficit)		
Net investment in capital assets	0.7	0.7
Restricted:		
Debt service	0.1	0.1
Capital projects	0.4	0.4
TABOR	0.2	0.2
Repairs and replacement	0.2	0.1
Unrestricted	(5.1)	(6.4)
Total net position (deficit)	**$ (3.5)**	**$ (4.9)**

The above analysis focuses on net position. The change in net position of the School's governmental activities is discussed below. The School's net position was $(3.5) million at June 30, 2023. Net investment in capital assets totaling $0.7 million, compares the original cost, less depreciation of the School's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School's ability to use that net position for day-to-day operations. The remaining amount of net position ($(5.1) million) was unrestricted.

The $(5.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from GASB Statement Nos. 68 and 75 (recording the School's share of the net pension and OPEB liabilities from the state-managed retirement system). The unrestricted net position balance enables the School to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2023 and 2022.

	Governmental Activities	
	2023	2022
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 0.2	$ 0.2
Operating grants and contributions	0.3	0.3
Capital grants and contributions	0.2	0.2
General revenue:		
Taxes	1.2	1.1
Per pupil revenue	4.5	4.5
Other	0.3	-
Total revenue	6.7	6.3
Expenses		
Instruction	3.3	2.0
Support services	1.7	0.8
Debt service	0.3	0.3
Total expenses	5.3	3.1
Change in Net Position	1.4	3.2
Net Position (Deficit) - Beginning of year	(4.9)	(8.1)
Net Position (Deficit) - End of year	**$ (3.5)**	**$ (4.9)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $5.3 million. Certain activities were partially funded from those who benefited from the programs ($0.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($0.3 million). We paid for the remaining public benefit portion of our governmental activities with $1.2 million in taxes, $4.5 million in state per pupil funding, and other revenue.

The School experienced an increase in net position of $1.4 million.

As discussed above, the net cost shows the financial burden that was placed on the state and the School's taxpayers by each of these functions. Since property taxes for operations and per pupil state funding constitute the vast majority of district operating revenue sources, the governing board and administration must annually evaluate the needs of the School and balance those needs with state-prescribed available unrestricted resources.

The School's Funds

As we noted earlier, the School uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School's overall financial health.

As the School completed this year, the governmental funds reported a combined fund balance of $3.7 million, which is an increase of $0.5 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by $0.4 million to $2.5 million.

The fund balance of our special revenue funds increased by approximately $54,000 to $1.2 million.

Budgetary Highlights

The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School had $6.4 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $0.2 million from 2022 to 2023.

We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School had $6.1 million in long-term debt outstanding versus $6.3 million in the previous year, a change of 3.17 percent.

Economic Factors and Next Year's Budgets and Rates

The primary aspect driving the budget for the School is the future of the Colorado state budget and related per pupil revenue for K-12 education. The School has been conservative when preparing its three-year budget in anticipation of unpredictable state funding. The School continues to monitor the state legislature and economic news and is confident in its preparation for potential funding challenges in the years to come.

Contacting the School's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at Littleton Preparatory Charter School, 5301 S. Bannock St., Littleton, CO 80120.

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 3,229,760
Due from other governments	48,918
Restricted investments (Note 4)	788,379
Capital assets:	
Assets not subject to depreciation (Note 6)	870,000
Assets subject to depreciation - Net (Note 6)	5,565,855
Total assets	10,502,912
Deferred Outflows of Resources	
Deferred pension costs (Note 9)	1,676,032
Deferred OPEB costs (Note 10)	40,378
Total deferred outflows of resources	1,716,410
Liabilities	
Accounts payable	18,131
Accrued payroll and other liabilities	322,987
Unearned revenue (Note 5)	25,835
Noncurrent liabilities:	
Due within one year (Note 7)	175,074
Due in more than one year (Note 7)	6,066,327
Net pension liability (Note 9)	7,416,227
Net OPEB liability (Note 10)	252,711
Total liabilities	14,277,292
Deferred Inflows of Resources	
Deferred pension cost reductions (Note 9)	1,323,796
Deferred OPEB cost reductions (Note 10)	115,983
Total deferred inflows of resources	1,439,779
Net Position (Deficit)	
Net investment in capital assets	671,036
Restricted:	
Debt service	126,191
Capital projects	421,675
TABOR	180,100
Repair and replacement	160,000
Unrestricted	(5,056,751)
Total net position (deficit)	**$ (3,497,749)**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2023

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary government - Governmental activities:					
Instruction	$ 3,295,279	$ -	$ 266,931	$ -	$ (3,028,348)
Support services	1,733,981	189,697	-	186,315	(1,357,969)
Interest	305,549	-	-	-	(305,549)
Total primary government	**$ 5,334,809**	**$ 189,697**	**$ 266,931**	**$ 186,315**	(4,691,866)
General revenue:					
District mill levy					1,239,625
Per pupil revenue					4,512,375
Interest and investment earnings					136,271
Loss on disposal of capital assets					(13,426)
Other					235,857
Total general revenue					6,110,702
Change in Net Position					1,418,836
Net Position (Deficit) - Beginning of year					(4,916,585)
Net Position (Deficit) - End of year					**$ (3,497,749)**

Governmental Funds Balance Sheet

June 30, 2023

	General Fund	Building Corporation Fund	Operations and Technology Fund	Total Governmental Funds
Assets				
Cash and investments (Note 4)	$ 2,795,518	$ -	$ 434,242	$ 3,229,760
Due from other governments	48,918	-	-	48,918
Restricted investments (Note 4)	-	788,379	-	788,379
Total assets	**$ 2,844,436**	**$ 788,379**	**$ 434,242**	**$ 4,067,057**
Liabilities				
Accounts payable	$ 5,564	$ -	$ 12,567	$ 18,131
Accrued payroll and other liabilities	297,383	-	-	297,383
Unearned revenue (Note 5)	25,835	-	-	25,835
Total liabilities	328,782	-	12,567	341,349
Fund Balances				
Restricted:				
Debt service	-	628,379	-	628,379
Capital projects	-	-	421,675	421,675
TABOR	180,100	-	-	180,100
Repair and replacement	-	160,000	-	160,000
Assigned - Working capital	537,080	-	-	537,080
Unassigned	1,798,474	-	-	1,798,474
Total fund balances	2,515,654	788,379	421,675	3,725,708
Total liabilities and fund balances	**$ 2,844,436**	**$ 788,379**	**$ 434,242**	**$ 4,067,057**

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

		June 30, 2023
Fund Balances Reported in Governmental Funds	$	3,725,708
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not financial resources and are not reported in the funds:		
Cost of capital assets		7,919,157
Accumulated depreciation		(1,483,302)
Net capital assets used in governmental activities		6,435,855
Long-term obligations and related premiums, including the building loan, are not due and payable in the current period and are not reported in the funds		(6,241,401)
Accrued interest is not due and payable in the current period and is not reported in the funds		(25,604)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:		
Net pension liability and related deferred inflows and outflows		(7,063,991)
Net OPEB liability and related deferred inflows and outflows		(328,316)
Net Position (Deficit) of Governmental Activities	**$**	**(3,497,749)**

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Building Corporation Fund	Operations and Technology Fund	Total Governmental Funds
Revenue				
Per pupil revenue	$ 4,512,375	$ -	$ -	$ 4,512,375
Local sources	1,157,174	499,214	615,998	2,272,386
State sources	370,606	-	-	370,606
Federal sources	82,640	-	-	82,640
Total revenue	6,122,795	499,214	615,998	7,238,007
Expenditures				
Current:				
Instruction	3,806,040	-	-	3,806,040
Support services	1,914,257	5,035	549,652	2,468,944
Debt service:				
Principal (Note 7)	3,515	160,000	-	163,515
Interest	39	311,250	-	311,289
Capital outlay	-	-	34,843	34,843
Total expenditures	5,723,851	476,285	584,495	6,784,631
Net Change in Fund Balances	398,944	22,929	31,503	453,376
Fund Balances - Beginning of year	2,116,710	765,450	390,172	3,272,332
Fund Balances - End of year	**$ 2,515,654**	**$ 788,379**	**$ 421,675**	**$ 3,725,708**

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	$	453,376
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		30,104
Depreciation expense		(187,406)
Net book value of assets disposed of		(13,426)
Contributed capital assets		5,647
Repayment of building loan principal and lease is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts is not an expense in the governmental funds		168,589
Interest expense is recognized in the government-wide statements as it accrues		666
Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		961,286
Change in Net Position of Governmental Activities	**$**	**1,418,836**

Note 1 - Nature of Business

Littleton Preparatory Charter School (the "School") is a school district in the state of Colorado that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School:

Reporting Entity

Littleton Preparatory Charter School was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Arapahoe County School District Number Six (the "District"). The School began operations in fall 1998.

The School's charter was granted by the District and expires in June 2028. The majority of the School's funding is provided by the District. The School has been determined to be a component unit of the District.

Blended Component Unit

The Littleton Preparatory Charter School Building Corporation (the "Building Corporation") is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to the School for governmental use. The Building Corporation provides services entirely to the School. Due to the above relationships, the Building Corporation is reported as if it were part of or blended with the School's operations as a special revenue fund. No separate financial statements for the Building Corporation have been issued.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School to show the particular expenditures for which specific revenue is used. The various funds are aggregated into one broad fund type:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Building Corporation Fund is a special revenue fund used to account for the activity of the Building Corporation, which includes debt service and capital projects for the School. The primary source of revenue is from rental and investment income.
- The Operations and Technology Fund is a special revenue fund used to account for ongoing building maintenance, capital improvements, and technology expenditures. The primary source of revenue is from property taxes.

Any operating deficit generated by the special revenue funds is the responsibility of the General Fund.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School considers amounts collected within 30 days of year end, or 90 days for state and federal grants, to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Specific Balances and Transactions

Cash and Investments

Cash and investments include equity in pooled cash maintained by the District.

Restricted Investments

The amounts reported as restricted investments have been restricted by the Building Corporation for debt service and repair and replacement.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings	50
Buildings improvements	10 to 25
Equipment	5 to 20

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Building loan payables are reported net of the applicable debt premium or discount. Debt issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize debt issuances and premiums as other financing sources and debt discounts as other financing uses. The General Fund and Building Corporation Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

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

The School reports deferred outflows related to deferred pension and OPEB costs.

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

The School reports deferred inflows related to deferred pension and OPEB cost reductions.

Net Position

Net position of the School is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Note 2 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

The School will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), 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 Flow Assumptions

The School will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Grants and Contributions

The School receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension

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

Note 2 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 13, 2023, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Colorado law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is insignificant to the financial statements.

Note 4 - Cash and Investments

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

Cash and investments	$ 3,229,760
Restricted investments for debt service and repair and replacement	788,379
Total cash and investments	$ 4,018,139

Note 4 - Cash and Investments (Continued)

Colorado state statutes govern the entity’s deposits of cash. The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. The PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligation of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits.

Investment policies are governed by Colorado state statutes and the School's own investment policies and procedures. Investments of the School may include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of June 30, 2023, the School had investments of $788,379 in the Morgan Stanely Government Liquidity Fund (the "Fund"), a money market mutual fund that complies with the Rule 2a-7 definition of a government money market fund. The Fund is rated AAAm by Standard & Poor's and valued at amortized cost.

The School's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. At June 30, 2023, the School's cash held by the District includes equity in pooled cash maintained by the District, all of which was covered by federal depository insurance or collateralized under PDPA.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment policies are governed by Colorado state statutes and the School's own investment policies and procedures. At June 30, 2023, the School does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Colorado Revised Statutes generally limit maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increased interest rates. At June 30, 2023, the School does not have investments with interest rate risk.

Note 4 - Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. State law has various restrictions on a majority of allowable investments and money markets related to ratings by a nationally recognized statistical rating organization. The School's investment policy does not further limit its investment choices. As of June 30, 2023, the School's investments in the Fund were rated AAAm by Standard & Poor's.

Concentration of Credit Risk

The School places no limit on the amount it may invest in any one issuer. The School does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School's investment policy prohibit investments in foreign currency.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2023, the School had no unavailable revenue and $25,835 of unearned revenue, primarily related to grant payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

Capital asset activity of the School's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Land	$ 870,000	$ -	$ -	$ 870,000
Capital assets being depreciated:				
Building	6,651,990	30,104	-	6,682,094
Building improvements	210,595	-	-	210,595
Equipment	157,743	5,647	(13,859)	149,531
Lease assets - Equipment	6,937	-	-	6,937
Subtotal	7,027,265	35,751	(13,859)	7,049,157
Accumulated depreciation:				
Building	1,193,785	155,627	-	1,349,412
Equipment	48,719	18,378	(433)	66,664
Building improvements	50,954	10,530	-	61,484
Lease assets - Equipment	2,871	2,871	-	5,742
Subtotal	1,296,329	187,406	(433)	1,483,302
Net capital assets being depreciated	5,730,936	(151,655)	(13,426)	5,565,855
Net governmental activities capital assets	$ 6,600,936	$ (151,655)	$ (13,426)	$ 6,435,855

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	$ 123,688
Support services	63,718
Total governmental activities	$ 187,406

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Direct borrowings - Building loan	$ 6,305,000	$ -	$ (160,000)	$ 6,145,000	$ 170,000
Unamortized premium on loan	101,475	-	(5,074)	96,401	5,074
Total building loan	6,406,475	-	(165,074)	6,241,401	175,074
Leases	3,515	-	(3,515)	-	-
Total governmental activities long-term debt	$ 6,409,990	$ -	$ (168,589)	$ 6,241,401	$ 175,074

Note 7 - Long-term Debt (Continued)

On January 31, 2013, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $7,340,000 of Charter School Revenue Bonds, Series 2013. The Building Corporation entered into a loan agreement with the CECFA for the proceeds of the Series 2013 Bonds. The proceeds were used by the Building Corporation to acquire and remodel the School's building.

The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the building, as described in Note 8. The Building Corporation is required to make semiannual loan payments to the trustee for payment of the bonds. Bond interest payments are due semiannually on December 1 and June 1, with interest accruing at a rate of 5.00 percent. Principal payments are due annually on December 1, beginning in 2014 through 2043.

The retirement of the building loan payable will be liquidated by the Building Corporation Fund, while the net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above long-term debt obligations are as follows:

	Governmental Activities - Direct Borrowings		
Years Ending June 30	Principal	Interest	Total
2024	$ 170,000	$ 303,000	$ 473,000
2025	180,000	294,250	474,250
2026	190,000	285,000	475,000
2027	200,000	275,250	475,250
2028	210,000	265,000	475,000
2029-2033	1,210,000	1,153,250	2,363,250
2034-2038	1,535,000	811,875	2,346,875
2039-2043	2,450,000	364,500	2,814,500
Total	$ 6,145,000	$ 3,752,125	$ 9,897,125

Lease

In 2018, the School entered into a lease agreement for copier equipment with a lease term of five years. The carrying amount of the capital asset under this agreement is $1,195, including $5,742 of accumulated depreciation for the year ended June 30, 2023. The lease was paid in full during the year.

Note 8 - Intraentity Lease

The School leases its building from the Building Corporation. The lease requires monthly payments, which approximate the Building Corporation's required payments on the long-term debt. Rent expenditure was $476,583 for the year ended June 30, 2023 and is included in supporting services expenditures in the General Fund. The future minimum lease payment schedule is as follows:

Years Ending	Amount
2024	$ 473,000
2025	474,250
2026	475,000
2027	475,250
2028	475,000
Thereafter	7,524,625
Total	$ 9,897,125

Note 9 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2022

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(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 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by the 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 percent or 100 percent 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.

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 percent 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 percent 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 percent 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 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 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.

Note 9 - Defined Benefit Pension Plan (Continued)

Contributions Provisions as of June 30, 2023

Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary during the period from July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 through June 30, 2023
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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $632,413 for the year ended June 30, 2023.

For the purpose 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 $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029 instructed the state treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars) upon enactment. The July 1, 2023 payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024 payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted on June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars) for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

Note 9 - Defined Benefit Pension Plan (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the School reported a liability of $7,416,227 for its proportionate share of the net pension liability, which reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School were as follows:

School's proportionate share of the net pension liability	$ 7,416,227
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	2,161,163
Total	$ 9,577,390

At December 31, 2022, the School's proportion was 0.04073 percent, which was a decrease of 0.012959 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension income of $925,657 and revenue of $184,292 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 70,187	$ -
Changes in assumptions or other inputs	131,365	-
Net difference between projected and actual earnings on pension plan investments	996,272	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	127,642	(1,323,796)
Contributions subsequent to the measurement date	350,566	-
Total	$ 1,676,032	$ (1,323,796)

The $350,566 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2024	$ (481,009)
2025	(327,194)
2026	230,386
2027	579,487

Note 9 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the 2020 experience analysis for the period from January 1, 2016 through December 31, 2019 and were reviewed and adopted by the PERA board at this November 20, 2020 meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the experience study report dated October 28, 2020.

Note 9 - 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 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the PERA board reaffirmed the assumed rate of return at its November 15, 2019 meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

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

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent 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.

Note 9 - Defined Benefit Pension Plan (Continued)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the state treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023 direct distribution is reduced by $109 million (actual dollars) to $35 million (actual dollars). The July 1, 2024 direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent. There was no change in the discount rate from the prior measurement date.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net pension liability	$ 9,705,291	$ 7,416,227	$ 5,504,625

Pension Plan Fiduciary Net Position

Detailed information about the SCHDTF's FNP is available in PERA's ACFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 10 - Defined Benefit Other Postemployment Benefits Plan

General Information about the OPEB Plan

Plan Description

Eligible employees of the School are provided with OPEB through the HCTF, a cost-sharing, multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes, 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 that can be obtained at www.copera.org/investments/pera-financial-reports.

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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $32,041 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of $252,711 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TOL to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.03096 percent, which was a decrease of 0.00078 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of $35,629. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 33	$ 61,114
Changes of assumptions or other inputs	4,062	27,891
Net difference between projected and actual earnings on OPEB plan investments	15,435	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,612	26,978
Contributions subsequent to the measurement date	17,236	-
Total	$ 40,378	$ 115,983

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The $17,236 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2024	$ (31,804)
2025	(29,851)
2026	(16,577)
2027	(3,593)
2028	(8,929)
Thereafter	(2,099)

Actuarial Assumptions

The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation-members other than state troopers	3.40% - 11.00%
Long-term investment rate of return, net of OPEB 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	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

The TOL for the HCTF, as of the December 31, 2022 measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received; therefore, no disaffiliation dollars were reflected in the FNP as of the December 31, 2022 measurement date.

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

Age-related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 1,704	$ 1,450	$ 583	$ 496	$ 1,923	$ 1,634
70	1,976	1,561	676	534	2,229	1,761
75	2,128	1,681	728	575	2,401	1,896

	MAPD PPO #1 without Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 6,514	$ 5,542	$ 4,227	$ 3,596	$ 6,752	$ 5,739
70	7,553	5,966	4,901	3,872	7,826	6,185
75	8,134	6,425	5,278	4,169	8,433	6,657

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50 %	3.75 %
2023	6.25	4.00
2024	6.00	4.00
2025	5.75	4.00
2026	5.50	4.25
2027	5.25	4.25
2028	5.00	4.25
2029	4.75	4.50
2030	4.50	4.50

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds, as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF but were developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

Post-retirement nondisabled mortality assumptions for the State and Local Government divisions (members other than state troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement nondisabled mortality assumptions for state troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021 valuation utilizes premium information as of January 1, 2022, as the initial per capital health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022 measurement date, the timing of the retirement decrement was adjusted to middle of year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021 actuarial valuation.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the 2020 experience analysis for the period from January 1, 2016 through December 31, 2019 and were reviewed and adopted by the PERA board at its November 20, 2020 meeting.

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the experience study report dated October 28, 2020.

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.

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

Asset Class	Target Allocation	30-year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	23.10 %

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 percent.

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

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percentage Point Decrease in Trend Rates	Current Trend Rates	1 Percentage Point Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	$245,558	$252,711	$260,494

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022 measurement date.

Note 10 - Defined Benefit Other Postemployment Benefits Plan (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, 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 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net OPEB liability	$ 292,966	$ 252,711	$ 218,279

OPEB Plan Fiduciary Net Position

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

Note 11 - Contingent Liabilities

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government.

Note 12 - Tax, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or TABOR) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multiyear debt.

Revenue earned in excess of the spending limit must be refunded or approved to be retained by the School under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary and fringe benefit increases. These reserves are required to be 3 percent or more of fiscal year spending (excluding bonded debt service). The School has restricted $180,100 for this purpose. The TABOR amendment is subject to many interpretations, but the School believes it is in compliance.

Note 13 - Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the District’s risk management programs for workers’ compensation claims, liability, and property coverage. Settled claims have not exceeded coverage for the past three years.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 749,251	$ 1,075,283	$ 1,157,174	$ 81,891
State sources	150,000	185,000	370,606	185,606
Federal sources	-	28,634	82,640	54,006
Per pupil revenue	4,515,205	4,512,000	4,512,375	375
Total revenue	5,414,456	5,800,917	6,122,795	321,878
Expenditures				
Current:				
Instruction	3,612,396	3,862,778	3,806,040	(56,738)
Support services	1,863,121	1,938,139	1,914,257	(23,882)
Debt service:				
Principal	-	-	3,515	3,515
Interest	-	-	39	39
Total expenditures	5,475,517	5,800,917	5,723,851	(77,066)
Net Change in Fund Balance - Excess of revenue (under) over expenditures	(61,061)	-	398,944	398,944
Fund Balance - Beginning of year	2,116,710	2,116,710	2,116,710	-
Fund Balance - End of year	**$ 2,055,649**	**$ 2,116,710**	**$ 2,515,654**	**$ 398,944**

See notes to required supplementary information.

Required Supplementary Information
Budgetary Comparison Schedule - Special Revenue Funds
Operations and Technology Fund

Year Ended June 30, 2023

	Original and Final Budget	Actual	Over (Under) Original and Final Budget
Revenue - Local sources	$ 589,683	$ 615,998	$ 26,315
Expenditures - Support services	589,683	584,495	(5,188)
Net Change in Fund Balance	-	31,503	31,503
Fund Balance - Beginning of year	390,172	390,172	-
Fund Balance - End of year	**$ 390,172**	**$ 421,675**	**$ 31,503**

See notes to required supplementary information.

Required Supplementary Information
Budgetary Comparison Schedule - Special Revenue Funds
Building Corporation Fund

Year Ended June 30, 2023

	Original and Final Budget	Actual	Over Original and Final Budget
Revenue - Local sources	$ -	$ 499,214	$ 499,214
Expenditures - Support services	-	476,285	476,285
Net Change in Fund Balance	-	22,929	22,929
Fund Balance - Beginning of year	-	765,450	765,450
Fund Balance - End of year	**$ -**	**$ 788,379**	**$ 788,379**

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association

Last Ten Plan Years

Plan Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.04073 %	0.05369 %	0.04642 %	0.04865 %	0.05029 %	0.05854 %	0.05817 %	0.05628 %	0.05623 %	0.05673 %
School's proportionate share of the net pension liability	$ 7,416,227	$ 6,247,628	$ 8,993,329	$ 7,269,648	$ 8,905,218	$ 18,907,777	$ 17,320,645	$ 8,607,459	$ 7,620,760	$ 7,236,086
State's proportionate share of the net pension liability associated with the School**	$ 2,161,163	$ 716,211	$ -	$ 922,062	$ 1,217,665	$ -	$ -	$ -	$ -	$ -
Total	9,577,390	6,963,839	8,993,329	8,191,710	10,122,883	18,907,777	17,320,645	8,607,459	7,620,760	7,236,086
School's covered payroll	$ 3,182,806	$ 3,102,081	$ 3,230,047	$ 2,843,473	$ 2,708,988	$ 2,700,638	$ 2,612,453	$ 2,379,564	$ 2,352,749	$ 2,220,810
School's proportionate share of the net pension liability as a percentage of its covered payroll	138.78 %	201.40 %	278.40 %	255.70 %	328.70 %	700.10 %	663.00 %	361.70 %	323.90 %	325.80 %
Plan fiduciary net position as a percentage of total pension liability	61.80 %	74.90 %	67.00 %	64.52 %	57.01 %	43.96 %	43.10 %	59.20 %	62.80 %	64.10 %

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

**A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

Required Supplementary Information
Schedule of Pension Contributions
Colorado Public Employees' Retirement Association

Last Ten Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	$ 632,413	$ 616,694	$ 582,027	$ 572,735	$ 522,693	$ 500,795	$ 507,823	$ 435,056	$ 399,710	$ 371,230
Contributions in relation to the statutorily required contribution	632,413	616,694	582,027	572,735	522,693	500,795	507,823	435,056	399,710	371,230
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School's Covered Payroll	$ 3,141,256	$ 3,042,949	$ 2,927,349	$ 2,955,287	$ 2,732,322	$ 2,651,411	$ 2,761,941	$ 2,451,885	$ 2,367,360	$ 2,322,013
Contributions as a Percentage of Covered Payroll	20.13 %	20.30 %	19.90 %	19.38 %	19.13 %	18.88 %	18.38 %	17.74 %	16.89 %	15.99 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association

Last Six Plan Years

Plan Years Ended June 30

	2022	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.03096 %	0.03179 %	0.03174 %	0.03180 %	0.03207 %	0.03327 %
School's proportionate share of the net OPEB liability	$ 252,711	$ 274,105	$ 301,606	$ 357,428	$ 436,336	$ 431,774
School's covered-employee payroll	$ 3,182,806	$ 3,102,081	$ 3,230,047	$ 2,843,473	$ 2,708,988	$ 2,700,638
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	7.94 %	8.84 %	9.34 %	12.57 %	16.11 %	15.99 %
Plan fiduciary net position as a percentage of total OPEB liability	38.57 %	39.40 %	32.78 %	24.49 %	17.03 %	17.53 %

The amounts presented for each fiscal year were determined as of December 31. Prior year amounts have been updated to reflect covered payroll as of December 31.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

Required Supplementary Information
Schedule of OPEB Contributions
Colorado Public Employees' Retirement Association

Last Six Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 32,041	$ 31,038	$ 29,859	$ 30,144	$ 27,870	$ 27,044
Contributions in relation to the statutorily required contribution	32,041	31,038	29,859	30,144	27,870	27,044
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School's Covered-employee Payroll	$ 3,141,256	$ 3,042,949	$ 2,927,349	$ 2,955,287	$ 2,732,322	$ 2,651,411
Contributions as a Percentage of Covered-employee Payroll	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %

See notes to required supplementary information.

Pension Information

<u>Benefit Changes</u>

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

<u>Changes in Assumptions</u>

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2021 - The assumption used to value the annual increases (AI) cap benefit provision was changed from 1.25 percent to 1.00 percent.

- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent per year. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.

- 2019 - The assumption used to value the AI cap benefit provisions was changed from 1.50 percent to 1.25 percent.

- 2018 - The single equivalent interest rate (SEIR) was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

- 2017 - The SEIR was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate. Additionally, the municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

- 2016 - The assumption for investment return was lowered from 7.50 percent to 7.25 percent. The assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. Additionally, the SEIR was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date. The mortality assumptions were changed utilizing the RP-2014 tables.

- 2015 - Certain programming and methodology changes were made.

OPEB Information

<u>Benefit Changes</u>

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

<u>Changes in Assumptions</u>

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2022 - The timing of the retirement decrement was adjusted to middle of year.

- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.

- 2016 - The assumption used for investment return was lowered from 7.5 percent to 7.25 percent. Additionally, the assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. The mortality assumptions were changed utilizing the RP-2014 tables.