Carbondale Community School operated by COMPASS...for Lifelong Discovery

Financial Report

June 30, 2020

Carbondale Community School operated by COMPASS...for Lifelong Discovery
June 30, 2020

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MCMAHAN AND ASSOCIATES, L.L.C.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carbondale Community School operated by COMPASS...for Lifelong Discovery
Aspen, CO

We have audited the accompanying financial statements of the Carbondale Community School, operated by COMPASS...for Lifelong Discovery, (the "School"), as of and for the year ended June 30, 2020, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

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Other Matters

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Carbondale Community School operated by COMPASS...for Lifelong Discovery (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020.

Financial Highlights

- The liabilities of the School exceeded its assets by $1,673,982 (net position) at June 30, 2020. The School reported a negative amount for unrestricted assets of $3,725,004, largely attributable to the Schools proportionate share of the net pension liability of $2,387,371.
- The School had a positive General Fund balance of $401,545.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have three components: 1) School-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

School-wide Financial Statements: The School-wide financial statements are designed to provide readers with a broad overview of the School's finances, using accounting methods similar to those used by a private-sector business.

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

The Statement of Activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The School-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion their costs through user fees and charges (business-type activities). The school only reports governmental activities.

- **Governmental activities**: Most of the School's basic services are included here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, technology and administration.

The School-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the School by fund instead of the School as a whole. The School only has one fund, the General Fund, which is a governmental fund.

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

Because the focus of governmental funds is narrower than that of the School-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the School-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on page C2.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements. The Notes to the Financial Statements can be found at section D this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the School's annual appropriated budgets.

School-wide Financial Analysis:

The following table provides a comparative summary of the School's net position as of June 30, 2020 and 2019:

Summary of Net Position

	2020	2019
Assets:		
Current and other assets	608,626	548,097
Capital assets	2,010,022	2,089,517
Total Assets	2,618,648	2,637,614
Deferred Outflow of Resources	299,175	908,707
Liabilities:		
Other liabilities	207,081	202,777
Long-term liabilities	2,504,779	3,045,846
Total Liabilities	2,711,860	3,248,623
Deferred Inflow of Resources	1,879,945	2,491,674
Net Position:		
Net investment in capital assets	2,010,022	2,089,517
Restricted for emergency	41,000	52,000
Unrestricted	(3,725,004)	(4,335,493)
Total Net Position	(1,673,982)	(2,193,976)

Note that net position may serve as an indicator of the School's financial position over time. The School's net position for governmental activities has increased during the current year.

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2020 and 2019:

Summary of Activities and Changes in Net Position

	2020	2019
Revenues:		
District funding	1,669,381	1,597,180
Charges for services	84,609	154,621
Investment income	682	1,063
State income	13,357	27,467
Other	4,770	4,245
Total Revenues	1,772,799	1,784,576
Expenditures/Expenses:		
Direct instruction	786,338	967,985
Indirect instruction	18,609	1,483
General administration	182,331	188,664
Support services	65,627	66,735
Custodial maintenance	77,954	84,366
Transportation	17,524	25,546
Capital outlay	(1,128)	-
Depreciation	105,550	106,476
Total Expenditures/Expenses	1,252,805	1,441,255
Change in Net Position	519,994	343,321
Net Position - July 1	(2,193,976)	(2,537,297)
Net Position - June 30	$ (1,673,982)	$ (2,193,976)

Governmental Activities: The primary differences between the fund financial statements and the governmental activities relate to fixed assets and pension related liabilities and deferred inflows and outflows. The School has no debt.

The majority of School's operating revenues are generated from Total Program Funding as determined by the School Finance Act of 1994. Per pupil funding is comprised of general fund property taxes, specific ownership taxes, and state equalization as enumerated above.

Financial Analysis of the School's Funds

The School utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the School's General Fund reported ending fund balance of $401,545, a decrease of $56,225 from the prior year ending fund balances.

Budget Variances in the General Fund: 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. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information on page E1 of the audited financial statements. The most significant budgeted variances are noted as follows:

Account	Final Budget	Actual Amount	VARIANCE	Reason
Revenues:				
Other	85,428	4,770	(80,658)	Budget included local revenue not recevied.
Expenditures/Expenses:				
Direct instruction	1,175,691	1,237,448	(61,757)	Additional teacher positions
General administration	209,854	259,836	(49,982)	Budget offset with support
Support services	237,450	65,627	171,823	Actual offset with support
Transportation	70,185	25,201	44,984	Transportation was not used as normal due to school closures.

Capital Assets: The School's capital assets represent buildings and improvements, furniture, fixtures and equipment, vehicles and land improvements. Details are provided in the footnotes.

Long-Term Debt: The School has no long-term debt as of the end of the current fiscal year.

Net Pension Liability: The School reports its proportionate share the net pension liability at December 31, 2015. Additional details are provided in the footnotes.

Next Year's Budget and Fund Balance: The School's General Fund's equity balance at the end of fiscal year 2020 totaled $401,545. The subsequent year's budget for fiscal year ended June 30, 2021 budget is fiscally balanced.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to COMPASS...for Lifelong Discovery, 340 Woody Creek Mesa, Woody Creek, Colorado 81656.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS/
FUND FINANCIAL STATEMENTS**

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Balance Sheet/Statement of Net Position
June 30, 2020

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	297,749	-	297,749
Accounts receivable	308,499	-	308,499
Other assets	2,378	-	2,378
Capital assets, net of accumulated depreciation	-	2,010,022	2,010,022
Total Assets	608,626	2,010,022	2,618,648
Deferred Outflow of Resources:			
Pension related deferred outflows	-	287,521	287,521
Other post-employment related deferred outflows	-	11,654	11,654
Total Deferred Outflow of Resources	-	299,175	299,175
Liabilities:			
Accounts payable	12,562	-	12,562
Accrued payroll and related liabilities	188,175	-	188,175
Unearned revenue	6,344	-	6,344
Net pension liability	-	2,387,371	2,387,371
Net OPEB liability	-	117,408	117,408
Total Liabilities	207,081	2,504,779	2,711,860
Deferred Inflow of Resources:			
Pension related deferred inflows	-	1,848,897	1,848,897
Other post-employment related deferred inflows		31,048	31,048
Total Deferred Inflow of Resources	-	1,879,945	1,879,945
Fund Balances/Net Position:			
Fund Balance:			
Restricted for emergencies	41,000	(41,000)	
Assigned	93,431	(93,431)	
Unassigned	267,114	(267,114)	
Total Fund Balance	401,545	(401,545)	
Total Liabilities, Deferred Inflow of Resources and Fund Balance	608,626		
Net Position:			
Net investment in capital assets		2,010,022	2,010,022
Restricted for emergencies		41,000	41,000
Unrestricted		(3,725,004)	(3,725,004)
Total Net Position		(1,673,982)	(1,673,982)

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

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2020

	General Fund	Adjustments	Statement of Activities
Revenues:			
District funding	1,669,381	-	1,669,381
Charges for services	84,609	-	84,609
Investment income	682	-	682
State income	22,935	(9,578)	13,357
Other	4,770	-	4,770
Total Revenues	1,782,377	(9,578)	1,772,799
Expenditures/Expenses:			
Direct instruction	1,237,448	(451,110)	786,338
Indirect instruction	22,857	(4,248)	18,609
General administration	259,836	(77,505)	182,331
Support services	65,627	-	65,627
Custodial maintenance	90,256	(12,302)	77,954
Transportation	25,201	(7,677)	17,524
Capital outlay	24,927	(26,055)	(1,128)
Depreciation	-	105,550	105,550
Total Expenditures/Expenses	1,726,152	(473,347)	1,252,805
Change in Fund Balance/Net Position	56,225	463,769	519,994
Fund Balance/Net Position:			
Beginning of the Year	345,320	(2,539,296)	(2,193,976)
End of the Year	401,545		(1,673,982)

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Carbondale Community School (the “School”) operates under a charter from the Roaring Fork School District (the “District”) and receives State approved Per Pupil Revenues through the District. The School is operated by COMPASS...for Lifelong Discovery, formerly known as the Aspen Educational Research Foundation, which was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation dated February 3, 1971, and amended March 12, 1996 and July 9, 1999.

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the “Act”), allowing the creation of public, non-sectarian, non-religious, non-home based schools to operate within a public school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District’s Board.

Charter Schools are financed from a portion of School Finance Act revenues and from revenues generated by the School, within the limits established by the Charter School Act, *CRS Section 22-30-101.* The School operates under an elected Board of Directors and follows state and federal accounting and reporting requirements in compliance with the terms of its approved charter.

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

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the School, and (b) organizations for which the School is financially accountable. The School is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the School. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the School. Organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the School is not financially accountable for any other organization. The School is included in the District’s reporting entity because of the nature and significance of their operational and financial relationships with the District. The School’s financial transactions are reported within the District as a discretely presented component unit.

I. Summary of Significant Accounting Policies (continued)

B. School-wide and Fund Financial Statements

1. School-wide Financial Statements

The School's basic financial statements include both School-wide (financial activities of the overall School) and fund financial statements (reporting the School's major funds). Both the School-wide and fund financial statements categorize primary activities as either governmental or business type. The School does not have any business-type activities, only governmental activities. Governmental activities generally are financed through per pupil revenue allocations from the State Department of Education, fees charged for services, intergovernmental revenues, and other non-exchange transactions.

In the School-wide Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net position are reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

The School-wide focus is on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The School reports the following major governmental fund:

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the school-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The School fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Receivables

The School uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. At June 30, 2020, there was no allowance for uncollectible receivables, as all receivables were expected to be collected.

3. Capital Assets

Capital assets, which include buildings and improvements, furniture, fixtures, and equipment, are reported in the school-wide financial statements. The School defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase, if applicable, is not capitalized as part of the value of the assets.

Buildings and improvements, furniture, fixtures and equipment are depreciated as follows:

Buildings and improvements	10 - 32
Furniture, fixtures, and equipment	5 - 7
Vehicles	5
Land improvements	15

4. Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

5. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. That they are the collective deferred outflows related to the School's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The School has three items that qualify for reporting in this category. Unearned revenue and Collective deferred inflows related to the School's net pension and OPEB obligation are reported on the Statement of Net Position and are amortized over the average service lives of all active and inactive plan members.

See Notes IV (F) and (G) below for discussion on pension and OPEB related deferred outflows and inflows.

7. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the School's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. Fund Balance

The School classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

II. Reconciliation of School-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the school-wide Statement of Net Position

The School had capital assets with a total of $3,997,427. Accumulated depreciation on the assets totaled $1,987,405. The net capital assets are accounted for on the Statement of Net Position. Further, pension and OPEB related deferred outflows of resources of $299,175, deferred inflows of resources of $1,879,945, and net pension and OPEB liability of $2,504,779 are only recorded in the Statement of Net Position, but not in the governmental fund balance sheet.

B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the school-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/school-wide Statement of Activities includes an adjustment column. Depreciation of $105,550 is recorded on the Statement of Activities, but excluded from the Changes in Fund Balances. The difference between the School's required pension contribution, recorded as expense on the fund, and the change in the net pension and OPEB liability and related deferred inflows and outflows of is ($548,594).

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the School followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. The proposed budget was submitted to the School Board and the District's Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.

2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.

3. The District's Board of Education certified revenue requirements to the local County Commissioners prior to December 15.

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

B. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenues gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending, excluding contributions and bonded debt service. The School has reserved a portion of its June 30, 2020 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of $41,000.

In 1997, the District's electorate passed a ballot question exempting the District from the revenue and expenditure limitations imposed by the TABOR Amendment. The District's electorate approved the following ballot question: "*retain, and spend all revenues received from any source…that are in excess of fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution*".

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)

The School's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits

The School's deposits are entirely covered by Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the School's deposits at each financial institution. Balances over the FDIC insured maximum are collateralized as required by PDPA.

The deposits held by the School at June 30, 2020, were as follows:

			Maturities	
	Standard and Poors Rating	Carrying Amounts	Less than One Year	Less than Five Years
Deposits:				
Checking / MM	Not rated	297,749	297,749	-
		$ 297,749	$ 297,749	$ -

The School has addressed the following risks as noted:

Credit Risk – State statutes authorize the School to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain bankers acceptances, local government investment pools, money market funds and certificates of deposit. The School's policy is to restrict investments to only those permitted by state statute.

Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Concentration Risk – Investment diversification is utilized to avoid unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities.

IV. Detailed Notes on all Funds

A. Deposits (continued)

Interest Rate Risk – Colorado Revised Statutes limit the District's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates. The District's investment policy is to follow the State Statute in order to reduce interest rate risk.

B. Receivables

Receivable at June 30, 2020 for the School, including applicable allowances for uncollectible receivables, are as follows:

Other accounts	$ 308,499
Gross Receivables	308,499
Less: Allowance for uncollectible	-
Total per School-wide Financial Statements	$ 308,499

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was:

	Beginning Balance	Increases	Decreases	Ending Balance
Land:	445,000	-	-	445,000
Capital assets, being depreciated:				
Buildings and improvements	3,126,939	26,055	-	3,152,994
Furniture, fixtures and equipment	165,025	-	-	165,025
Land improvements	234,407	-	-	234,407
Total capital assets, being depreciated	3,526,371	26,055	-	3,552,426
Less accumulated depreciation for:				
Buildings and Building improvements	1,564,043	99,620	-	1,663,663
Furniture, fixtures and equipment	157,118	3,389	-	160,507
Land improvements	160,693	2,541	-	163,234
Total accumulated depreciation	1,881,854	105,550	-	1,987,404
Total Capital Assets, Net	$ 2,089,517	$ (79,495)	$ -	$ 2,010,022

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

Function:	
Direct instruction	105,550
Total Depreciation	$ 105,550

IV. Detailed Notes on all Funds (continued)

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

Plan Description: Eligible employees of the District are provided with pensions through the School Division Trust Fund (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 comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.
Benefits provided as of December 31, 2019: 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

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

- Highest average salary multiplied by 2.5 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 federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase 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 five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contribution provisions as of June 30, 2019: Eligible employees, the District, 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 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 through June 30, 2020
Employer Contribution Rate	10.40%
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 SCHDTF	9.38%
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	19.38%

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

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $183,190 for the year ended June 30, 2020.

Pension Liabilities: The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the School reported a liability of $2,387,371 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The School's proportionate share of the net pension liability	$ 2,387,371
The State's proportionate share of the et pension liability as a nonemployer contributing entity associated with the School	268,724
Total	$ 2,656,095

At December 31, 2019, the School's proportion was 0.01598%, as compared to its proportion of 0.01638% measured as of December 31, 2018.

Pension Expense: For the year ended June 30, 2020, the District recognized pension expense of -$358,936 and revenue of ($9,578) for support from the State as a nonemployer contributing entity.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2020, the District 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	130,113	-
Changes of assumptions or other inputs	68,156	1,082,889
Net difference between projected and actual earnings on pension plan investments	-	282,808
Changes in proportionate share of contributions	-	482,327
Difference between actual and reported contributions recognized	-	873
Contributions subsequent to the measurement date	89,251	-
Total	$ 287,520	$ 1,848,897

$89,251, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	(917,119)
2022	(629,196)
2023	(8,110)
2024	(96,203)
	(1,650,628)

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25 percent, compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the annual increase reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 rate of return assumption of 7.25%.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate. The discount rate used to measure the total pension liability 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 3.50 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 the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the 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.

- As specified in law, the State provides an annual direct distribution of $225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District'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% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	$ 3,166,166	2,387,371	1,733,506

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

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

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

Enrollment in the PERACare 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 basis for 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.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

DPS Benefit Structure. The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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.

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 District is statutorily committed to pay the contributions. For the year ended June 30, 2020, the District’s contributions to HCTF were approximately $9,366.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Liabilities. At June 30, 2020, the District reported a liability of $140,879 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the School proportionate share was, 0.01215% as compared to its proportionate share of 0.0106% measured as of December 31, 2018.

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the District recognized OPEB expense of ($3,302). At June 30, 2020, the District 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	390	19,729
Changes of assumptions or other inputs	974	-
Net difference between projected and actual earnings on pension plan investments	-	1,960
Changes in proportionate share of contributions	1,175	9,359
Difference between actual and reported contributions recognized	75	-
Contributions subsequent to the measurement date	9,040	-
Total	$ 11,654	$ 31,048

$9,040, reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

Year ended June 30:	
2021	(5,600)
2022	(5,600)
2023	(5,657)
2024	(6,402)
2025	(4,918)
Thereafter	(257)
	(28,434)

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$601	$240
Kaiser Permanente Medicare Advantage HMO	605	237

2019 Medicare Part A premium is $437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$562
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**10 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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 rate of return assumption of 7.25%.

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

	1% Decrease in Trend Rates	**Current Trend Rates**	**1% Increase in Trend Rates**
l PERA Care Medicare Trent Rate	4.60%	5.60%	6.60%
e PERA Care Medicare Trent Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend	3.50%	4.50%	5.50%
Collective Net OPEB Liability	1,097,298,000	1,123,998,000	1,154,852,000
Proportionate Net OPEB Liability	114,620	117,408	120,632

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District'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% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	$ 132,754	117,409	104,285

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

V. Other Information

A. Defined Contribution Pension Plan

Plan Description - Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2020, 2019 and 2018.

B. Risk Management

Risk of Loss: The School is exposed to various risks of loss related to workers compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The School has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Pupil Counts: Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statutes, including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The School believes its pupil count information is accurate and any adjustment would not be material.

C. Subsequent Event

The spread of COVID-19 may have operational, economic, and financial impacts on the School. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Schedule of Revenues and Expenditures
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020				2019
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
District funding	1,177,808	1,670,855	1,669,381	(1,474)	1,597,180
Charges for services	65,615	65,615	84,609	18,994	154,621
Investment income	-	-	682	682	1,063
State income	-	10,000	-	(10,000)	2,143
Grants and contributions	454,144				
Other	85,428	85,428	4,770	(80,658)	4,245
Total Revenues	1,782,995	1,831,898	1,759,442	(72,456)	1,759,252
Expenditures/Expenses:					
Direct instruction	1,145,882	1,175,691	1,218,745	(43,054)	1,300,995
Indirect instruction	10,000	25,000	22,680	2,320	1,521
General administration	202,105	209,854	256,610	(46,756)	241,284
Support services	244,509	237,450	65,627	171,823	66,735
Custodial maintenance	83,953	99,590	89,743	9,847	92,703
Transportation	71,185	70,185	24,885	45,300	31,005
Capital outlay	8,815	8,815	24,927	(16,112)	-
Total Expenditures/Expenses	1,766,449	1,826,585	1,703,217	123,368	1,734,243
Excess (Deficiency) of Revenues Over Expenditures	16,546	5,313	56,225	50,912	25,009
Reconciliation to GAAP Basis:					
Pension direct distribution - special funding			22,935		23,559
Pension expense - special funding			(22,935)		(23,559)
Total Other Financing Sources			-		-
Change in Fund Balance	16,546	5,313	56,225	50,912	25,009
Fund Balance					
Beginning of the Year			345,320		320,311
End of the Year			401,545		345,320

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

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Schedule of School's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.0160%	0.0164%	0.0201%	0.0202%	0.0201%	0.0202%	0.0211%
School's proportionate share of the net pension liability	2,387,371	2,900,961	6,506,159	6,001,316	3,074,024	2,739,591	2,686,500
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the School	268,724	348,952	-	-	-	-	-
Total proportionate share of net pension liability associated with the School	$ 2,656,095	$ 3,249,913	$ 6,506,159	$ 6,001,316	$ 3,074,024	$ 2,739,591	$ 2,686,500
School's covered payroll	$ 918,225	$ 938,063	$ 874,301	$ 883,364	$ 906,838	$ 889,101	$ 856,123
School's proportionate share of the net pension liability as a percentage of its covered payroll	260.00%	309.25%	744.16%	679.37%	338.98%	308.13%	313.80%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

The notes to the financial statements are an integral part of this statement.

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Schedule of School Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 183,190	$ 168,851	$ 165,321	$ 160,517	$ 156,827	$ 138,374	$ 128,458
Contributions in relation to the contractually required contribution	$ (183,190)	$ (168,851)	$ (165,321)	$ (160,517)	$ (156,827)	$ (138,374)	$ (128,458)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 918,225	$ 938,063	$ 874,301	$ 883,364	$ 906,838	$ 889,101	$ 856,123
Contributions as a percentage of covered payroll	19.95%	18.00%	18.91%	18.17%	17.29%	15.56%	15.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

The notes to the financial statements are an integral part of this statement.

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Schedule of School's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.0104%	0.0106%	0.0114%	0.0112%
School's proportionate share of the net OPEB liability	117,408	144,885	148,574	145,288
School's covered payroll	918,225	938,063	874,301	883,364
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	13%	15%	17%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2017.

Carbondale Community School operated by COMPASS...for Lifelong Discovery
Schedule of School OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2020	2019	2018	2017
Contractually required contribution	9,366	9,568	9,172	9,052
Contributions in relation to the contractually required contribution	(9,366)	(9,568)	(9,172)	(9,052)
Contribution deficiency (excess)	-	-	-	-
School's covered payroll	918,225	938,063	874,301	883,364
Contributions as a percentage of covered payroll	1.02%	1.02%	1.05%	1.02%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

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

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2018 actuarial valuation:

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

2. Changes since the December 31, 2017 actuarial valuation:

- 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 FNP, thereby eliminating the need to apply the municipal bond index rate.

3. Changes Since the December 31, 2016 Actuarial Valuation are as Follows:

- The single equivalent interest rate ("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.
- 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.

4. Changes Since the December 31, 2015 Actuarial Valuation are as Follows:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Pubic School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the SCHDTF 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 fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate.
- The SEIR for the DPS Division was lowered from 7.50 percent to 7.25 percent, reflecting the change in the long-term expected rate of return.

I. Schedule of the School's Proportionate Share of the Net Pension Liability (continued)

A. Changes to assumptions or other inputs (continued)

5. Changes Since the December 31, 2014 Actuarial Valuation are as Follows:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

II. Notes to the Schedule of School Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented above.

III. Schedule of the School's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Notes to the Schedule of School OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.