# ROCKY MOUNTAIN CLASSICAL ACADEMY

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**TABLE OF CONTENTS**
**JUNE 30, 2021**

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rocky Mountain Classical Academy

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Rocky Mountain Classical Academy, a component unit of El Paso County Colorado School District 49, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

***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.

***Auditors' 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.

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Rocky Mountain Classical Academy, as of June 30, 2021, 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.

***Other-Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Hoelting & Company Inc.

Colorado Springs, Colorado
September 15, 2021

**Rocky Mountain Classical Academy**
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2021

As management of Rocky Mountain Classical Academy (RMCA or the School), we offer readers of Rocky Mountain Classical Academy's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

## Financial Highlights

The year ended June 30, 2021 is the fourteenth year of operations for RMCA. As of June 30, 2021, net position increased by $2,305,528 to $(16,625,269). Rocky Mountain Classical Academy's governmental fund reported an ending fund balance of $5,556,518, an increase of $614,016 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $10,382,564.

## Overview of 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### *Government-Wide Financial Statements*

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

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

The statement of activities presents information showing how net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Falcon School District 49). The governmental activities of RMCA include instruction and supporting services.

### *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 School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The School maintains one governmental fund and adopts an annually appropriated budget for the fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

### Proprietary Funds

The School also maintains a proprietary fund to record the activity of the Rocky Mountain Classical Academy Building Corporation (the Building Corporation). The Building Corporation was organized exclusively for the purpose of providing a mechanism to acquire, lease, construct, improve, equip, and issue and pay debt on behalf of the School for facilities, land, equipment, and facility improvements in connection with the property intended to be leased to the School.

### *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2021, RMCA's net position was $(16,625,269). This position includes a net pension liability in the amount of $11,634,686, representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $422,978, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, $(11,491,440) is invested in capital assets, $361,100 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and $2,634,781 is restricted for debt service.

## Rocky Mountain Classical Academy's Net Position

| | 2020-2021 | 2019-2020 |
|---|---|---|
| ASSETS | | |
| Cash and Investments | $ 5,308,900 | $ 5,369,254 |
| Restricted Cash and Investments | 3,142,094 | 3,150,529 |
| Accounts Receivable | 896,538 | 106,210 |
| Deposits | 18,710 | 18,710 |
| Prepaid Expenses | 54,844 | 44,868 |
| Capital Assets, Not Being Depreciated | 1,693,591 | 1,693,591 |
| Capital Assets, Net of Accumulated Depreciation | 24,165,007 | 24,782,610 |
| TOTAL ASSETS | 35,279,684 | 35,165,772 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pensions, Net of Accumulated Amortization | 3,589,958 | 1,531,651 |
| OPEB, Net of Accumulated Amortization | 70,410 | 85,357 |
| Deferred Charges | 6,875,818 | 8,685,919 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 10,536,186 | 10,302,927 |
| LIABILITIES | | |
| Accounts Payable and Other Accrued Liabilities | 346,447 | 36,454 |
| Accrued Salaries and Benefits | 352,093 | 560,086 |
| Unearned Revenues | 24,067 | - |
| Accrued Interest Payable | 507,313 | - |
| Noncurrent Liabilities | | |
| PPP Loan | - | 172,000 |
| Due Within One Year | 345,000 | 356,250 |
| Due in More Than One Year | 43,880,723 | 44,061,750 |
| Net Pension Liability | 11,634,686 | 10,160,046 |
| Net OPEB Liability | 422,978 | 499,495 |
| TOTAL LIABILITIES | 57,513,307 | 55,846,081 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions, Net of Accumulated Amortization | 4,791,621 | 6,931,552 |
| OPEB, Net of Accumulated Amortization | 136,211 | 94,763 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 4,927,832 | 7,026,315 |
| NET POSITION | | |
| Net Investment in Capital Assets | (11,491,440) | (14,791,270) |
| Restricted for Emergencies | 361,100 | 365,700 |
| Restricted for Debt Service | 2,634,781 | - |
| Restricted for PPP Expenses | - | 172,000 |
| Unrestricted | (8,129,710) | (3,150,127) |
| TOTAL NET POSITION | $ (16,625,269) | $ (17,403,697) |

**Rocky Mountain Classical Academy's Change in Net Position**

| | 2020-2021 | 2019-2020 |
|---|---|---|
| REVENUES | | |
| Per Pupil Revenue | $ 10,382,564 | $ 10,911,009 |
| Mill Levy Override | 664,787 | - |
| Special Funding - PERA | - | 43,561 |
| Charges for Services | 589,064 | 649,230 |
| Operating Grants and Contributions | 1,225,821 | 277,411 |
| Grants and Contributions Not Restricted to Specific Programs | 59,441 | - |
| Capital Grants and Contributions | 321,321 | 402,366 |
| Investment Income | 8,094 | 22,525 |
| Other | 23,673 | (50,536) |
| TOTAL REVENUE | 13,274,765 | 12,255,566 |
| EXPENSES | | |
| Instruction | 1,276,772 | 5,123,368 |
| Support Services | 6,049,276 | 6,119,791 |
| Building Corporation | 3,643,189 | 1,498,279 |
| TOTAL EXPENSES | 10,969,237 | 12,741,438 |
| CHANGE IN NET POSITION | 2,305,528 | (485,872) |
| NET POSITION, Beginning, as restated | (18,930,797) | (16,917,825) |
| NET POSITION, Ending | $ (16,625,269) | $ (17,403,697) |

## Financial Analysis of the Government's Fund

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The focus of the School's governmental fund 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 balance 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 an ending fund balance of $5,556,518, an increase of $614,016 from the prior year.

## General Fund Budgetary Highlights

RMCA recognized $258,447 more revenue than expected and spent $383,987 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Revenue and expenses were originally developed from conservative assumptions based on all of the unknown variables releated to the pandemic. As the year progressed, the board allocated additional appropriations to support the organization.

## Capital Assets & Long-Term Debt

The School has invested in capital assets for the School's education facility and land, as well as furniture and equipment. Depreciation expenses for capital assets are booked under the Supporting Services program of the School’s operations. More information regarding capital assets may be found in Note 5 to the financial statements.

The School has long-term debt in the form of 2019 Charter School Refunding Revenue Bonds. Proceeds were used to refiance Series 2017 Bonds, the proceeds of which were used to refinance Series 2013 Bonds and finance facility improvements and expansion.

The School had obtained a loan under the Paycheck Protection Plan (PPP) program in April 2020. During FY 2020-2021 the School applied for and received forgiveness for the full amount.

More information regarding long-term debt may be found in Note 6 to the financial statements.

## Economic Factors and Next Year’s Budget

The primary factor driving the budget for Rocky Mountain Classical Academy is student enrollment. Enrollment for the 2020-2021 school year was 1,352.50 funded students. Enrollment projected for 2021-2022 is 1,363.50 funded students. This factor was considered when preparing RMCA’s budget for 2021-2022.

## Requests for Information

This financial report is designed to provide a general overview of Rocky Mountain Classical Academy’s finances for all those with an interest in the School’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

Rocky Mountain Classical Academy
4620 Antelope Ridge Dr
Colorado Springs, CO 80922

# BASIC FINANCIAL STATEMENTS

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF NET POSITION**
**JUNE 30, 2021**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 5,308,900 | $ - | $ 5,308,900 |
| Restricted cash and investments | - | 3,142,094 | 3,142,094 |
| Receivables | 896,538 | - | 896,538 |
| Deposits | 18,710 | - | 18,710 |
| Prepaids | 54,844 | - | 54,844 |
| Capital assets not being depreciated | - | 1,693,591 | 1,693,591 |
| Capital assets, net of accumulated depreciation | - | 24,165,007 | 24,165,007 |
| Total Assets | 6,278,992 | 29,000,692 | 35,279,684 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred charges | - | 6,875,818 | 6,875,818 |
| Deferred pension outflows | 3,589,958 | - | 3,589,958 |
| Deferred OPEB outflows | 70,410 | - | 70,410 |
| Total Deferred Outflows of Resources | 3,660,368 | 6,875,818 | 10,536,186 |
| **LIABILITIES** | | | |
| Accounts payable and other accrued liabilities | 346,314 | 133 | 346,447 |
| Accrued salaries and benefits | 352,093 | - | 352,093 |
| Unearned revenue | 24,067 | - | 24,067 |
| Accrued interest payable | - | 507,313 | 507,313 |
| Long-term liabilities | | | |
| Due within one year | - | 345,000 | 345,000 |
| Due in more than one year | - | 43,880,723 | 43,880,723 |
| Net pension liability | 11,634,686 | - | 11,634,686 |
| Net OPEB liability | 422,978 | - | 422,978 |
| Total Liabilities | 12,780,138 | 44,733,169 | 57,513,307 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred pension inflows | 4,791,621 | - | 4,791,621 |
| Deferred OPEB inflows | 136,211 | - | 136,211 |
| Total Deferred Inflows of Resources | 4,927,832 | - | 4,927,832 |
| **NET POSITION** | | | |
| Net investment in capital assets | - | (11,491,440) | (11,491,440) |
| Restricted for: | | | |
| TABOR | 361,100 | - | 361,100 |
| Debt Service | - | 2,634,781 | 2,634,781 |
| Unrestricted | (8,129,710) | - | (8,129,710) |
| Total Net Position (deficit) | $ (7,768,610) | $ (8,856,659) | $ (16,625,269) |

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

## ROCKY MOUNTAIN CLASSICAL ACADEMY
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2021

| | | Program Revenue | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Instruction | $ 1,276,772 | $ 424,284 | $ 318,025 | $ - | $ (534,463) | $ - | $ (534,463) |
| Supporting services | 6,049,276 | 164,780 | 907,796 | 321,321 | (4,655,379) | - | (4,655,379) |
| Total governmental activities | 7,326,048 | 589,064 | 1,225,821 | 321,321 | (5,189,842) | | (5,189,842) |
| Business-type activities: | | | | | | | |
| Building Corporation | 3,643,189 | - | - | - | | (3,643,189) | (3,643,189) |
| Total | $ 10,969,237 | $ 589,064 | $ 1,225,821 | $ 321,321 | | (3,643,189) | (8,833,031) |
| General revenues: | | | | | | | |
| Per pupil revenue | | | | | 10,382,564 | - | 10,382,564 |
| Mill levy override | | | | | 664,787 | - | 664,787 |
| Grants and contributions not restricted to specific programs | | | | | 59,441 | - | 59,441 |
| Unrestricted investment earnings | | | | | 7,943 | 151 | 8,094 |
| Miscellaneous | | | | | 23,673 | - | 23,673 |
| Transfers | | | | | (2,418,830) | 2,418,830 | - |
| Total general revenues and transfers | | | | | 8,719,578 | 2,418,981 | 11,138,559 |
| Change in net position | | | | | 3,529,736 | (1,224,208) | 2,305,528 |
| Net position - beginning (deficit) | | | | | (11,298,346) | (6,105,351) | (17,403,697) |
| Prior period adjustment | | | | | - | (1,527,100) | (1,527,100) |
| Net position - beginning, as restated (deficit) | | | | | (11,298,346) | (7,632,451) | (18,930,797) |
| Net position - ending (deficit) | | | | | $ (7,768,610) | $ (8,856,659) | $ (16,625,269) |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2021**

| | General Fund |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 5,308,900 |
| Receivables | 896,538 |
| Deposits | 18,710 |
| Prepaids | 54,844 |
| Total Assets | $ 6,278,992 |
| **LIABILITIES** | |
| Accounts payable and other accrued liabilities | 346,314 |
| Accrued salaries and benefits | 352,093 |
| Unearned revenue | 24,067 |
| Total Liabilities | 722,474 |
| **FUND BALANCE** | |
| Non-spendable | 54,844 |
| Restricted for emergencies | 361,100 |
| Assigned | 2,725 |
| Unassigned | 5,137,849 |
| Total Fund Balance | 5,556,518 |
| Total Liabilities and Fund Balance | $ 6,278,992 |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2021**

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

| | | |
|---|---|---|
| Total Fund Balance of Governmental Funds | | $ 5,556,518 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds: | | |
| Net pension liability | $ (11,634,686) | |
| Pension outflows | 3,589,958 | |
| Pension inflows | (4,791,621) | |
| Net OPEB liability | (422,978) | |
| OPEB outflows | 70,410 | |
| OPEB inflows | (136,211) | (13,325,128) |
| Total Net Position of Governmental Activities | | $ (7,768,610) |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | General Fund |
|---|---|
| **REVENUES** | |
| Local sources | $ 1,275,454 |
| State sources | 10,743,712 |
| Federal sources | 1,073,435 |
| Total revenues | 13,092,601 |
| **EXPENDITURES** | |
| Instruction | 5,524,047 |
| Supporting services | 6,925,271 |
| Total expenditures | 12,449,318 |
| Excess (deficiency) of revenues over expenditures | 643,283 |
| **OTHER FINANCING SOURCES (USES)** | |
| Transfers in (out) | (29,267) |
| Net change in fund balance | 614,016 |
| Fund balance, beginning | 4,942,502 |
| Fund balance, ending | $ 5,556,518 |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2021**

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

| | | |
|---|---|---|
| Net Change in Fund Balance of Governmental Funds | | $ 614,016 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt. | | |
| PPP forgiveness | | 172,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Pension expenses | $ 2,723,598 | |
| OPEB expenses | 20,122 | 2,743,720 |
| Change in Net Position of Governmental Activities | | $ 3,529,736 |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUND**
**JUNE 30, 2021**

| | Building Corporation |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Restricted cash and investments | $ 3,142,094 |
| Noncurrent Assets: | |
| Capital assets not being depreciated | 1,693,591 |
| Capital assets being depreciated: | 24,165,007 |
| Total noncurrent assets | 25,858,598 |
| Total assets | 29,000,692 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred charges on refunding | 6,875,818 |
| **LIABILITIES** | |
| Current Liabilities: | |
| Accounts payable | 133 |
| Accrued interest payable | 507,313 |
| Notes payable, current portion | 345,000 |
| Total current liabilities | 852,446 |
| Noncurrent Liabilities: | |
| Loans payable | 43,880,723 |
| Total liabilities | 44,733,169 |
| **NET POSITION** | |
| Net investment in capital assets | (11,491,440) |
| Restricted for debt service | 2,634,781 |
| Total net position (deficit) | $ (8,856,659) |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**
**PROPRIETARY FUND**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Building Corporation |
|---|---|
| **OPERATING REVENUES** | |
| Rental income | $ 2,389,563 |
| **OPERATING EXPENSES** | |
| Interest expense | 2,033,313 |
| Net operating income (loss) | 356,250 |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Interest income | 151 |
| Depreciation and amortization expense | (1,609,876) |
| Total non-operating revenues (expenses) | (1,609,725) |
| Income before transfers | (1,253,475) |
| Transfers in | 29,267 |
| Change in net position | (1,224,208) |
| Net position - beginning (deficit) | (6,105,351) |
| Prior period adjustment | (1,527,100) |
| Net position - beginning, as restated | (7,632,451) |
| Net position - ending (deficit) | $ (8,856,659) |

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

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUND**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Building Corporation |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Lease payments received | $ 2,389,563 |
| Interest payments to leaseholder | (2,037,735) |
| Net cash provided (used) by operating activities | 351,828 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition and construction of capital assets | (35,414) |
| Principal paid on debt | (325,000) |
| Net cash provided (used) by capital and related financing activities | (360,414) |
| **CASH FLOWS FROM INVESTING ACTIVITES** | |
| Interest income | 151 |
| Net increase (decrease) in cash and cash equivalents | (8,435) |
| Cash and cash equivalents, beginning | 3,150,529 |
| Cash and cash equivalents, ending | $ 3,142,094 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | |
| Operating income (loss) | $ 356,250 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Changes in assets and liabilities: | |
| *Increase (decrease) in:* | |
| Interest payable | (4,422) |
| Net cash provided (used) by operating activities | $ 351,828 |

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

# NOTES TO FINANCIAL STATEMENTS

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rocky Mountain Classical Academy (the School) was organized in 2006 pursuant to the Colorado Charter Schools Act to form and operate a charter school in the State of Colorado. The School is part of the El Paso County Colorado School District 49 (the District).

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

### *A. REPORTING ENTITY*

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

The School includes the Rocky Mountain Classical Academy Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was formed to support and assist the School to perform its function or to carry out its purpose, specifically to assist in the financing and construction of the School's facilities. The Building Corporation is blended into the School's financial statements as a proprietary fund, and does not issue separate financial statements.

This school is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

### *B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School's Proprietary fund. Separate financial statements are provided for governmental funds and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided or used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by per pupil revenue and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support.

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

*C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (CONTINUED)*

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The School reports the following major governmental funds:

The *General Fund* is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

The School reports the following major proprietary fund:

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Building Corporation's enterprise fund are rental charges for the school buildings. Operating expenses for the Building Corporation include purchased services and interest expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

### *D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

*Cash and cash equivalents*

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

*Investments*

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

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

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Investments (continued)*

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

*Receivables*

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

*Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital assets*

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

| | |
|---|---|
| Buildings and improvements | 20-40 years |
| Furniture and equipment | 5-10 years |

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

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

### *E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Accrued Salaries and Benefits*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

*Pensions*

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

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 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

*Health Care Trust Fund*

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

*Deferred outflows/inflows of resources*

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

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

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

### *E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Long-term debt*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net position flow assumption*

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*Fund balance classification*

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

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

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

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

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

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

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance classification (continued)*

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

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

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all per pupil revenue.

*Compensated absences*

The School's policy allows employees to accumulate unused sick and personal leave. Five leave days may be carried over to the following year. Accrued sick and personal leave are not paid upon termination of employment. Therefore, no liability is reported in the financial statements.

*G. ESTIMATES*

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

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

*H. RESTATEMENT FOR CORRECTION OF ERROR*

The School has restated the financial statements for the year ended June 30, 2020 to correct debt related balances in the Proprietary Fund. The effect of this restatement decreased deferred charges on refunding, increased interest payable, increased bonds payable, and reduced the net position of the Proprietary Fund by $1,527,100 for the year ended June 30, 2020. These changes have no impact to the change in net position for the year ended June 30, 2021.

Restatements had the following impact on previously reported balances:

| | |
|---|---|
| Net Position, June 30, 2020, as originally stated | $ (17,403,697) |
| Correction of error | (1,527,100) |
| Net Position, June 30, 2020, as Restated | $ (18,930,797) |

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

*BUDGET INFORMATION*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. Management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. The variances between budget and actual may result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

## NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2021 is as follows:

| | |
|---|---|
| Deposits | $ 1,310,611 |
| Investments | 7,140,383 |
| Total | $ 8,450,994 |

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

| | |
|---|---|
| Cash and investments | $ 5,308,900 |
| Restricted cash and investments | 3,142,094 |
| Total | $ 8,450,994 |

*Cash deposits with financial institutions*

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

The carrying amount of the School's deposits at June 30, 2021 was $1,310,611 and the bank balances were $1,304,517. Of the bank balances, $293,297 was covered by FDIC insurance and $1,011,220 was uninsured, but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in a trust for all uninsured deposits as a group.

*Investments*

<u>*Credit Risk*</u>

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

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

## NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The investments for fiscal year ending June 30, 2021:

| Investment Type | Fair Value | Maturities |
|---|---|---|
| Money Markets | $ 7,140,383 | Less than 60 days |

*Credit Risk:* Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. Money market accounts are rated AAA by Standard and Poors and maintain a constant net asset value of $1 per share.

## NOTE 4 –RECEIVABLES

Receivables consists of the following at June 30, 2021:

| | |
|---|---|
| Grants receivable | $ 186,924 |
| Other receivables | 709,614 |
| Total | $ 896,538 |

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| ***Business-type Activities*** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 1,693,591 | $ - | $ - | $ 1,693,591 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 27,272,964 | - | - | 27,272,964 |
| Furniture and equipment | 585,818 | 65,174 | - | 650,992 |
| Total capital assets, being depreciated | 27,858,782 | 65,174 | - | 27,923,956 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (2,733,127) | (626,056) | - | (3,359,183) |
| Furniture and equipment | (343,045) | (56,721) | - | (399,766) |
| Total accumulated depreciation | (3,076,172) | (682,777) | | (3,758,949) |
| Total capital assets, being depreciated, net | 24,782,610 | (617,603) | - | 24,165,007 |
| Total business-type activities capital assets | $ 26,476,201 | $ (617,603) | $ - | $ 25,858,598 |

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

| | |
|---|---|
| Supporting Services | $ 682,777 |

**NOTE 6 – LONG-TERM DEBT**

*2020 Paycheck Protection Loan*

On April 29, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of $172,000 to fund salaries, benefits, and certain operating expenses. Principal and interest are paid monthly, at an interest rate of 1%, with payments deferred for 6 months after initial loan disbursement. Final maturity is April 29, 2022. The School applied for forgiveness of the loan, and as of April 14, 2021, the full amount of $172,000 was forgiven.

*2019 Building Loan*

On November 19, 2019, the Colorado Educational and Cultural Facilities Authority issued $40,910,000 Charter School Refunding Revenue Bonds, Series 2019. Bond proceeds were loaned to the Building Corporation to refinance the Series 2017 Bonds with an outstanding balance amount $43,239,232. As a result, the 2017 Bonds are considered defeased and the liability for those bonds have been removed from the statement of net position. Principal and Interest payments are due semi-annually through October 1, 2059 at an interest rate of 5.00% .

The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for the use of the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the loans

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

| | Business-Type Activities | |
|---|---|---|
| Fiscal Year Ending June 30 | Principal | Interest |
| 2022 | $ 345,000 | $ 2,020,625 |
| 2023 | 360,000 | 2,003,000 |
| 2024 | 380,000 | 1,984,500 |
| 2025 | 400,000 | 1,965,000 |
| 2026 | 420,000 | 1,944,500 |
| 2027-2031 | 2,445,000 | 9,376,875 |
| 2032-2036 | 3,140,000 | 8,682,500 |
| 2037-2041 | 4,035,000 | 7,789,375 |
| 2042-2046 | 5,190,000 | 6,642,500 |
| 2047-2051 | 6,675,000 | 5,166,875 |
| 2051-2056 | 8,590,000 | 3,268,000 |
| 2057-2060 | 8,605,000 | 887,625 |
| Total | $ 40,585,000 | $ 51,731,375 |

## NOTE 6 – LONG-TERM DEBT(CONTINUED)

The changes in long-term debt for the year ended June 30, 2021 were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| *Governmental Activities* | | | | | |
| PPP Loan | $ 172,000 | $ - | $ (172,000) | $ - | $ - |
| *Business-type Activities* | | | | | |
| 2019 Building Loan | $ 40,910,000 | - | $ (325,000) | $ 40,585,000 | $ 345,000 |
| Premium | 3,735,498 | - | (94,775) | 3,640,723 | - |
| Total | $ 44,645,498 | $ - | $ (419,775) | $ 44,225,723 | $ 345,000 |

## NOTE 7 – DEFINED BENEFIT PENSION PLAN

*General Information about the Pension Plan*

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

*Benefits provided as of December 31, 2020.* 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.

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.

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

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.

As of December 31, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership 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.

*Contributions provisions as of June 30, 2021:* Eligible employees of, Rocky Mountain Classical Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

| | July 1, 2020<br>Through<br>June 30, 2021 |
|---|---|
| | |
| Employer contribution rate | 10.90% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02)% |
| Amount apportioned to the SCHDTF | 9.88% |
| 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** | **19.88%** |

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

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State‘s 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Rocky Mountain Classical Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Rocky Mountain Classical Academy were $809,621 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Rocky Mountain Classical Academy proportion of the net pension liability was based on Rocky Mountain Classical Academy contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the Rocky Mountain Classical Academy reported a liability of $11,634,686 for its proportionate share of the net pension liability. The amount recognized by the Rocky Mountain Classical Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Rocky Mountain Classical Academy were as follows:

| | |
|---|---|
| Rocky Mountain Classical Academy proportionate share of the net pension liability | $ 11,634,686 |
| The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Rocky Mountain Classical Academy | - |
| Total | $ 11,634,686 |

At December 31, 2020, the Rocky Mountain Classical Academy proportion was 0.0769592455 percent, which was an increase of 0.00089525941 from its proportion measured as of December 31, 2019.

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

For the year ended June 30, 2021, the Rocky Mountain Classical Academy recognized pension expense of ($2,723,598). At June 30, 2021, the Rocky Mountain Classical Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 639,268 | $ - |
| Changes of assumptions or other inputs | 1,119,221 | 1,955,692 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,561,059 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 1,427,318 | 274,870 |
| Contributions subsequent to the measurement date | 404,151 | N/A |
| Total | $ 3,589,958 | $ 4,791,621 |

$404,151 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, 2022. 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: | |
|---|---|
| 2022 | $ (1,712,582) |
| 2023 | 740,108 |
| 2024 | (229,319) |
| 2025 | (404,021) |
| 2026 | - |
| Thereafter | - |

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

*Actuarial assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.40% |
| Real wage growth | 1.10% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.50% – 9.70% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually) | 1.25% |
| PERA benefit structure hired after 12/31/06[1] | Financed by the AIR |

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

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.

Post-retirement non-disabled mortality assumptions 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.

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

The actuarial assumptions used in the December 31, 2019, 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 PERA's Board during the November 18, 2016, Board meeting.

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

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation: | 3.40%-11.00% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually) | 1.25% |
| PERA benefit structure hired after 12/31/06[1] | Financed by the AIR |

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

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

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

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

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

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

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

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives[1] | 6.00% | 4.70% |
| **Total** | **100.00%** | |

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

*Discount rate.* The discount rate used to measure the 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 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State‘s 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.

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

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

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

*Sensitivity of the* Rocky Mountain Classical Academy *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 the net pension liability | $ 15,870,664 | $ 11,634,686 | $ 8,104,720 |

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

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

*Health Care Trust Fund*

*Plan description.* Eligible employees of the Rocky Mountain Classical Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

*Health Care Trust Fund*

*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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Rocky Mountain Classical Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Rocky Mountain Classical Academy were $41,540 for the year ended June 30, 2021.

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

At June 30, 2021, the Rocky Mountain Classical Academy reported a liability of $422,978 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Rocky Mountain Classical Academy proportion of the net OPEB liability was based on Rocky Mountain Classical Academy contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Rocky Mountain Classical Academy proportion was 0.0445134498 percent, which was an increase of 0.0000742834 from its proportion measured as of December 31, 2019.

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

For the year ended June 30, 2021, the Rocky Mountain Classical Academy recognized OPEB expense of ($20,122). At June 30, 2021, the Rocky Mountain Classical Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 1,123 | $ 92,991 |
| Changes of assumptions or other inputs | 3,160 | 25,937 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 17,283 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 45,390 | - |
| Contributions subsequent to the measurement date | 20,737 | N/A |
| Total | $ 70,410 | $ 136,211 |

$20,737 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---|---|
| 2022 | $ (19,466) |
| 2023 | (17,048) |
| 2024 | (20,223) |
| 2025 | (18,013) |
| 2026 | (11,081) |
| Thereafter | (707) |

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

*Actuarial assumptions.* The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.40% |
| Real wage growth | 1.10% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.50% in aggregate |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates | |
| PERA benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | 8.10% in 2020, gradually decreasing to 4.50% in 2029 |
| Medicare Part A premiums | 3.50% in 2020, gradually increasing to 4.50% in 2029 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

| | **Initial Costs for Members without Medicare Part A** | | |
|---|---|---|---|
| **Medicare Plan** | **Monthly Cost** | **Monthly Premium** | **Monthly Cost Adjusted to Age 65** |
| Medicare Advantage/Self-Insured Rx | $588 | $227 | $550 |
| Kaiser Permanente Medicare Advantage HMO | 621 | 232 | 586 |

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

| Year | PERACare Medicare Plans | Medicare Part A |
|---|---|---|
| 2020 | 8.10% | 3.50% |
| 2021 | 6.40% | 3.75% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.70% | 3.75% |
| 2024 | 5.50% | 4.00% |
| 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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

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

Post-retirement non-disabled 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

| | Trust Fund | | | |
|---|---|---|---|---|
| | State Division | School Division | Local Government Division | Judicial Division |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age |
| Price inflation | 2.30% | 2.30% | 2.30% | 2.30% |
| Real wage growth | 0.70% | 0.70% | 0.70% | 0.70% |
| Wage inflation | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary increases, including wage inflation: | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40%-11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40%[1] | N/A |

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- 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.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives[1] | 6.00% | 4.70% |
| **Total** | **100.00%** | |

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate | 7.10% | 8.10% | 9.10% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $412,045 | $422,978 | $435,705 |

*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, 2020, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to 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* Rocky Mountain Classical Academy *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 the net OPEB liability | $ 484,529 | $ 422,978 | $ 370,388 |

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

## NOTE 9 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

## NOTE 10 – CONCENTRATION OF RISK

The School is funded directly by the District based on the District's per pupil funding. For the fiscal year ended June 30, 2021, this funding accounted for approximately 79% of the School's revenues.

## NOTE 11 - COMMITMENTS AND CONTINGENCIES

*Grants*

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

*Operating Leases*

The School leases classroom facilities under noncancelable leases. Total costs for such leases were $206,606 for year ended June 30, 2021.

## NOTE 12 – COMPLIANCE

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2021 audit period as required by Colorado Statute CRS 22-44-204(3).

## NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2021 there is a $361,100 reservation of fund balance in the General Fund for the amendment.

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

# REQUIRED SUPPLEMENTARY INFORMATION

## ROCKY MOUNTAIN CLASSICAL ACADEMY
## SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
## JUNE 30, 2021

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|
| School's proportion of the net pension liability (asset) | 0.0769592455% | 0.0680066514% | 0.0687050441% | 0.0758814076% | 0.0629015118% | 0.0528210977% | 0.0557777177% | 0.0531884513% |
| School's proportionate share of the net pension liability (asset) | $ 11,634,686 | $ 10,160,046 | $ 12,165,639 | $ 24,537,350 | $ 18,728,212 | $ 8,078,614 | $ 7,559,754 | $ 6,784,173 |
| State's proportionate share of the net pension liability (asset) associated with the School | - | 1,632,234 | 1,663,482 | - | - | - | - | - |
| Total | $ 11,634,686 | $ 11,792,280 | $ 13,829,121 | $ 24,537,350 | $ 18,728,212 | $ 8,078,614 | $ 7,559,754 | $ 6,784,173 |
| School's covered payroll | $ 4,115,888 | $ 3,975,800 | $ 3,868,815 | $ 3,500,320 | $ 2,823,132 | $ 2,301,931 | $ 2,336,686 | $ 2,144,196 |
| School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 282.68% | 255.55% | 314.45% | 701.00% | 663.38% | 350.95% | 323.52% | 316.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.0% | 64.5% | 57.0% | 44.0% | 43.1% | 59.2% | 62.8% | 64.1% |

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION**
**JUNE 30, 2021**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 809,621 | $ 790,952 | $ 779,568 | $ 652,110 | $ 511,834 | $ 398,925 | $ 383,918 | $ 332,994 |
| Contributions in relation to the contractually required contribution | (809,621) | (790,952) | (779,568) | (652,110) | (511,834) | (398,925) | (383,918) | (332,994) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's covered payroll | $ 4,072,543 | $ 4,060,323 | $ 3,868,815 | $ 3,500,320 | $ 2,823,132 | $ 2,301,931 | $ 2,356,686 | $ 2,144,196 |
| Contributions as a percentage of covered payroll | 19.88% | 19.48% | 20.15% | 18.63% | 18.13% | 17.33% | 16.29% | 15.53% |

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE**
**OF THE NET OPEB LIABILITY**
**JUNE 30, 2021**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| School's proportion of the net OPEB liability (asset) | 0.0445134498% | 0.0444391664% | 0.0446586193% | 0.0431155139% | 0.0357251025% |
| School's proportionate share of the net OPEB liability (asset) | $ 422,978 | $ 499,495 | $ 607,599 | $ 560,329 | $ 463,188 |
| School's covered payroll | $ 4,115,888 | $ 3,975,800 | $ 3,868,815 | $ 3,500,320 | $ 2,823,132 |
| School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 10.28% | 12.56% | 15.71% | 16.01% | 16.41% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 24.5% | 24.5% | 17.0% | 17.5% | 16.7% |

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB**
**JUNE 30, 2021**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 41,540 | $ 41,415 | $ 39,462 | $ 35,703 | $ 28,773 |
| Contributions in relation to the contractually required contribution | (41,540) | (41,415) | (39,462) | (35,703) | (28,773) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| School's covered payroll | $ 4,072,543 | $ 4,060,323 | $ 3,868,815 | $ 3,500,320 | $ 2,823,132 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**ROCKY MOUNTAIN CLASSICAL ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**
**BUDGET AND ACTUAL**
**GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | | Variance with Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **REVENUES** | | | | |
| Local sources | $ 843,243 | $ 1,180,132 | $ 1,275,454 | $ 95,322 |
| State sources | 11,229,930 | 10,769,259 | 10,743,712 | (25,547) |
| Federal sources | 143,851 | 884,763 | 1,073,435 | 188,672 |
| Total revenues | 12,217,024 | 12,834,154 | 13,092,601 | 258,447 |
| **EXPENDITURES** | | | | |
| Salaries | 4,534,881 | 4,756,971 | 4,965,047 | (208,076) |
| Benefits | 1,621,543 | 1,713,679 | 1,389,973 | 323,706 |
| Purchased services | 5,189,631 | 5,431,533 | 5,346,195 | 85,338 |
| Supplies | 567,868 | 590,647 | 545,265 | 45,382 |
| Property | 41,000 | 261,000 | 132,589 | 128,411 |
| Other | 244,126 | 79,475 | 70,249 | 9,226 |
| Total expenditures | 12,199,049 | 12,833,305 | 12,449,318 | 383,987 |
| Excess (deficiency) of revenues over expenditures | 17,975 | 849 | 643,283 | 642,434 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in (out) | - | - | (29,267) | (29,267) |
| Net change in fund balances | 17,975 | 849 | 614,016 | 613,167 |
| Fund balances - beginning | 5,709,563 | 4,942,502 | 4,942,502 | - |
| Fund balance - ending | $ 5,727,538 | $ 4,943,351 | $ 5,556,518 | $ 613,167 |

See the accompanying Independent Auditors' Report.