GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

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JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Girls Athletic Leadership Schools Denver

We have audited the accompanying financial statements of the governmental activities and each major fund of Girls Athletic Leadership Schools Denver, a component unit of Denver Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Girls Athletic Leadership Schools Denver' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Girls Athletic Leadership Schools Denver, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Girls Athletic Leadership Schools Denver' basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
September 27, 2021

Girls Athletic Leadership Schools Denver
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2021

As management of Girls Athletic Leadership Schools Denver (GALS or the School), we offer readers of Girls Athletic Leadership Schools Denver'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

As of June 30, 2021, net position increased by $1,041,602 to $(922,463) after a restatement of the beginning net position. Girls Athletic Leadership Schools Denver's governmental funds reported an ending fund balance of $1,625,537, an increase of $116,874 from the prior year after a restatement of the beginning fund balance.

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 $3,137,752.

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 (Denver Public Schools). The governmental activities of GALS 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 three governmental funds and adopts an annually appropriated budgets for the funds. A budgetary comparison schedule is included to demonstrate that overall spending did not exceed the total budget.

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, GALS's net position was $(922,463). This position includes a net pension liability in the amount of $1,662,697, representing the School's proportionate share of the Denver Public Schools Division 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 $84,603, 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, $28,818 is invested in capital assets, $20,327 is restricted for scholarships, and $144,500 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Girls Athletic Leadership Schools Denver's Net Position

	2020-2021	2019-2020
ASSETS		
Cash and Investments	$ 1,607,902	$ 1,593,986
Other Receivables	81,121	194,867
Grants Receivable	273,548	477,247
Prepaid Expenses	8,104	-
Capital Assets, Net of Accumulated Depreciation	28,818	33,593
TOTAL ASSETS	1,999,493	2,299,693
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	866,699	872,063
OPEB, Net of Accumulated Amortization	68,975	91,854
TOTAL DEFERRED OUTFLOWS OF RESOURCES	935,674	963,917
LIABILITIES		
Accounts Payable and Other Accrued Liabilities	103,163	109,951
Accrued Salaries and Benefits	161,975	228,342
Unearned Revenue	80,000	367,027
Noncurrent Liabilities		
Due within One Year	-	419,272
Due in More than One Year	-	422,428
Net Pension Liability	1,662,697	2,441,786
Net OPEB Liability	84,603	197,021
TOTAL LIABILITIES	2,092,438	4,185,827
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,654,234	947,874
OPEB, Net of Accumulated Amortization	110,958	41,857
TOTAL DEFERRED INFLOWS OF RESOURCES	1,765,192	989,731
NET POSITION		
Net Investment in Capital Assets	28,818	33,593
Restricted for Multi-Year Obligations	-	841,700
Restricted for Scholarships	20,327	
Restricted for Emergencies	144,500	203,379
Unrestricted	(1,116,108)	(2,990,620)
TOTAL NET POSITION	$ (922,463)	$ (1,911,948)

Girls Athletic Leadership Schools Denver's Change in Net Position

	2020-2021	2019-2020
REVENUES		
Per Pupil Revenue	$ 3,137,752	$ 4,806,367
Mill Levy Override	743,338	870,997
Grants and Contributions not Restricted to Specific Programs	1,171,745	560,052
District Services - Center Program	-	291,106
Charges for Services	51,063	132,524
Operating Grants and Contributions	996,771	184,780
Capital Grants and Contributions	58,319	98,573
Investment Income	2,554	6,974
Other	781	9,470
TOTAL REVENUE	6,162,323	6,960,843
EXPENSES		
Instruction	2,920,696	3,928,436
Supporting Services	2,190,953	3,118,860
Interest	9,072	-
TOTAL EXPENSES	5,120,721	7,047,296
CHANGE IN NET POSITION	1,041,602	(86,453)
NET POSITION, Beginning, Restated	(1,964,065)	(1,825,495)
NET POSITION, Ending	$ (922,463)	$ (1,911,948)

Financial Analysis of the Government's Funds

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 funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund 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 $1,625,537, an increase of $116,874 from the prior year after a restatement of beginning fund balance. More information related to the restatement maybe found in Note 14 of the financial statements.

The School's General Fund is made up of the activity of the Middle School, the High School, and the Boys School. As of the end of the current fiscal year, the Middle School reported an ending fund balance of $1,513,446, a decrease of $368,552 from the prior year after a restatement of beginning fund balance. As of the end of the current fiscal year, the High School reported an ending fund balance of $112,091, an increase of $27,254 from the prior year. As of the end of the current fiscal year, and the Boys School reported an ending fund balance of $0, an increase of $476,172 from the prior year. These balances include transfers made from the Middle School to the High School and Boys School.

In February of 2020, the School's board of directors voted unanimously to close the Boys School effective June 30, 2020. No activity for the Boys Schools is expected in future periods.

General Fund Budgetary Highlights

In total, GALS recognized $173,520 less revenue than expected and spent $242,560 less than planned, when compared to the final budget. The Middle School recognized $147,099 less revenue than expected and spent $181,744 less than planned, when compared to the final budget. The High School recognized $16,421 less revenue than expected and spent $65,057 less than planned, when compared to the final budget. The Boys School spent $4,241 more than planned.

There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and funding assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets for equipment in support of the School's educational program. Depreciation expenses for capital assets are booked under the Instruction program of the School's operations. More information regarding capital assets may be found in Note 4 to the financial statements.

During FY 2019-2020 the School had a loan payable to the U.S. Small Business Administration (SBA) from the Paycheck Protection Program (PPP). During FY 2020-2021 the School applied for and received forgiveness for the full amount. More information regarding long-term liabilities may be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Girls Athletic Leadership Schools Denver is student enrollment. Enrollment for the 2020-2021 school year was 385.50 funded students (269 funded students at the Middle School and 116.5 funded students at the High School). Enrollment projected for 2021-2022 is 384.00 funded students (264 funded students at the Middle School and 120 funded students at the High School). This factor was considered when preparing GALS's budget for 2021-2022.

Requests for Information

This financial report is designed to provide a general overview of Girls Athletic Leadership Schools Denver'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:

Girls Athletic Leadership Schools Denver
750 Galapago St
Denver, CO 80204

BASIC FINANCIAL STATEMENTS

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	$ 1,607,902
Other receivables	81,121
Grants receivables	273,548
Prepaids	8,104
Capital assets, net of accumulated depreciation	28,818
Total Assets	1,999,493
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	866,699
Deferred OPEB outflows	68,975
Total Deferred Outflows of Resources	935,674
LIABILITIES	
Accounts payable and other accrued liabilities	103,163
Accrued salaries and benefits	161,975
Unearned revenue	80,000
Long-term liabilities	
Net pension liability	1,662,697
Net OPEB liability	84,603
Total Liabilities	2,092,438
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	1,654,234
Deferred OPEB inflows	110,958
Total Deferred Inflows of Resources	1,765,192
NET POSITION	
Net investment in capital assets	28,818
Restricted for:	
Scholarships	20,327
Emergencies	144,500
Unrestricted	(1,116,108)
Total Net Position (deficit)	$ (922,463)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 2,920,696	$ 51,063	$ 978,621	$ -	$ (1,891,012)
Supporting services	2,190,953	-	18,150	58,319	(2,114,484)
Interest	9,072	-	-	-	(9,072)
Total governmental activities	5,120,721	51,063	996,771	58,319	(4,014,568)
General revenues:					
Per pupil revenue					3,137,752
Mill levy override					743,338
Grants and contributions not restricted to specific programs					1,171,745
Unrestricted investment earnings					2,554
Miscellaneous					781
Total general revenues					5,056,170
Change in net position					1,041,602
Net position - beginning (deficit)					(1,911,948)
Prior period adjustment					(52,117)
Net position - beginning, as restated (deficit)					(1,964,065)
Net position - ending (deficit)					$ (922,463)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund
ASSETS	
Cash and investments	$ 1,607,902
Other receivables	81,121
Grant receivables	273,548
Prepaids	8,104
Total Assets	$ 1,970,675
LIABILITIES	
Accounts payable and other accrued liabilities	$ 103,163
Accrued salaries and benefits	161,975
Unearned revenue	80,000
Total Liabilities	345,138
FUND BALANCE	
Non-spendable	8,104
Restricted for:	
Scholarships	20,327
Emergencies	144,500
Committed	114,782
Unassigned	1,337,824
Total Fund Balance	1,625,537
Total Liabilities and Fund Balance	$ 1,970,675

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
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		$ 1,625,537
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated	$ -	
Capital assets, net of accumulated depreciation	28,818	28,818
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	$ (1,662,697)	
Pension outflows	866,699	
Pension inflows	(1,654,234)	
Net OPEB liability	(84,603)	
OPEB outflows	68,975	
OPEB inflows	(110,958)	(2,576,818)
Total Net Position of Governmental Activities		$ (922,463)

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund
REVENUES	
Local sources	$ 1,542,353
State sources	3,321,239
Federal sources	447,959
Total revenues	5,311,551
EXPENDITURES	
Instruction	2,979,631
Supporting services	2,215,046
Total expenditures	5,194,677
Net change in fund balance	116,874
Fund balance - beginning	1,560,780
Prior period adjustment	(52,117)
Fund balance, beginning, as restated	1,508,663
Fund balance, ending	$ 1,625,537

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

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
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		$ 116,874
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation expense		(4,775)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Interest expense	$ (9,072)	
PPP loan forgiveness	850,772	841,700
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	$ 67,365	
OPEB expenses	20,438	87,803
Change in Net Position of Governmental Activities		$ 1,041,602

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Girls Athletic Leadership Schools Denver (the School) was organized pursuant to the Colorado Charter Schools Act, to form and operate a charter school within Denver Public Schools (the District) in the State of Colorado. The Middle School began classes in the 2010-2011 school year and the High School began classes in the 2014-2015 school year.

The School also operated The Boys School of Denver as a component unit of the District from July 1, 2017 to June 30, 2020. In February of 2020, the School's board of directors voted unanimously to close The Boys School of Denver effective June 30, 2020.

The accounting policies of the School conform to generally accepted accounting principles 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. Following is a summary of the more significant policies.

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.

Based upon the application of these criteria, there are no organizations that should be included in the School's reporting entity.

The 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.

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.

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The School reports the following major governmental fund:

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.

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 flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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 and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

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

Prepaids

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 are depreciated using the straight-line method over the following estimated useful life:

Equipment	5 years

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.

Unearned Revenue

Unearned revenue includes resources received by the School before it has a legal claim to them, including student fees and grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

Girls Athletic Leadership Schools Denver participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-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 DPS Division 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

Girls Athletic Leadership Schools Denver participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-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 DPS 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.

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)

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.

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

Employees of the School are allowed to accumulate unused personal and sick leave to a maximum of 88 hours. The School does not reimburse or otherwise compensate terminated employees for any unused personal and sick leave. Therefore, no liability is reported in the financial statements for theses compensated absences.

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 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

Cash deposits with financial institutions

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

The carrying amount of the School's deposits at June 30, 2021 was $1,607,902 and the bank balances were $1,627,484. Of the bank balances, $250,000 was covered by federal deposit insurance and $1,377,484 was uninsured but collateralized in accordance with the provisions of the PDPA. The collateral is pooled and held in trust for all uninsured deposits as a group.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

The School had no investments at June 30, 2021.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Equipment	$ 56,677	$ -	$ -	$ 56,677
Less accumulated depreciation	(23,084)	(4,775)	-	(27,859)
Governmental activities capital assets, net	$ 33,893	$ (4,775)	$ -	$ 28,818

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$ 4,775

NOTE 5 – LONG-TERM DEBT

2020 Paycheck Protection Loan

On April 14, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of $841,700 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 14, 2022. The school applied for forgiveness of the loan, and as of May 12, 2021, the full amount of $841,700 was forgiven.

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
PPP loan	$ 841,700	$ -	$ 841,700	$ -	$ -

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Girls Athletic Leadership Schools Denver are provided with pensions through the DPS Division—a single-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.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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.

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 DPS Division. 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.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, Girls Athletic Leadership Schools Denver, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division 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 period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.90%	10.90%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412	(12.75%)	(12.09%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS Division	**7.13%**	**7.79%**

[1] To conform with this presentation of contribution rates, the 2020 annual PCOP offset of 12.50 percent has been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.

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

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 DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial 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.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Girls Athletic Leadership Schools Denver is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from Girls Athletic Leadership Schools Denver were $206,270 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 DPS Division 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 Girls Athletic Leadership Schools Denver proportion of the net pension liability was based on Girls Athletic Leadership Schools Denver contributions to the DPS Division 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 DPS Division and is considered to meet the definition of a special funding situation.

At June 30, 2021, the Girls Athletic Leadership Schools Denver reported a liability of $1,662,697 for its proportionate share of the net pension liability. The amount recognized by the Girls Athletic Leadership Schools Denver 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 Girls Athletic Leadership Schools Denver were as follows:

Girls Athletic Leadership Schools Denver proportionate share of the net pension liability	$ 1,662,697
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Girls Athletic Leadership Schools Denver	-
Total	$ 1,662,697

At December 31, 2020, the Girls Athletic Leadership Schools Denver proportion was 0.3695588291 percent, which was a decrease of 0.0010579382 from its proportion measured as of December 31, 2019.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Girls Athletic Leadership Schools Denver recognized pension expense of ($67,365). At June 30, 2021, the Girls Athletic Leadership Schools Denver 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	$ 246,037	$ -
Changes of assumptions or other inputs	348,047	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,654,234
Changes in proportion and differences between contributions recognized and proportionate share of contributions	167,115	-
Contributions subsequent to the measurement date	105,500	N/A
Total	$ 866,699	$ 1,654,234

$105,500 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	$ (190,446)
2023	(27,976)
2024	(414,890)
2025	(259,723)
2026	-
Thereafter	-

NOTE 6 – 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	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 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.

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 6 – 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:	3.80%-11.50%
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 6 – 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 6 – 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

- 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.

- Employer contributions for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

- 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 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Based on the above assumptions and methods, the DPS Division'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 did 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 Girls Athletic Leadership Schools Denver 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	$ 3,731,509	$ 1,662,697	$ (44,524)

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the Girls Athletic Leadership Schools Denver are provided with OPEB through the DPS HCTF—a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51,Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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.

Benefits provided. The DPS 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 Heath Care Trust Fund (HCTF) and the 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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the DPS HCTF.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Girls Athletic Leadership Schools Denver is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from Girls Athletic Leadership Schools Denver were $28,230 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 Girls Athletic Leadership Schools Denver reported a liability of $84,603 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS 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 Girls Athletic Leadership Schools Denver proportion of the net OPEB liability was based on Girls Athletic Leadership Schools Denver contributions to the DPS HCTF for the calendar year 2020 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2020, the Girls Athletic Leadership Schools Denver proportion was 0.3695728453 percent, which was a decrease of 0.1652735153 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Girls Athletic Leadership Schools Denver recognized OPEB expense of ($20,438). At June 30, 2021, the Girls Athletic Leadership Schools Denver 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	$ -	$ 32,607
Changes of assumptions or other inputs	7	5,621
Net difference between projected and actual earnings on OPEB plan investments	-	14,576
Changes in proportion and differences between contributions recognized and proportionate share of contributions	55,154	58,154
Contributions subsequent to the measurement date	13,814	N/A
Total	$ 68,975	$ 110,958

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

$13,814 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	$ (5,838)
2023	(4,389)
2024	(6,321)
2025	(17,850)
2026	(16,334)
Thereafter	(5,065)

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% for 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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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, 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.

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 for the determination of the total pension liability used in the December 31, 2019, valuation for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS 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.

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.80%-11.50%

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.

Mortality assumptions used in the roll forward calculation for the determination of the total pension liability of the DPS Division as shown below were applied, as applicable, in the roll forward calculation for the DPS HCTF.

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.

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the DPS 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.

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:

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 Girls Athletic Leadership Schools Denver 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	$ 84,599	$ 84,603	$ 84,610

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.

- 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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- Estimated transfers of dollars into the DPS 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 DPS 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 Girls Athletic Leadership Schools Denver 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	$ 107,819	$ 84,603	$ 64,771

OPEB plan fiduciary net position. Detailed information about the DPS 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 8 - 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 purchases commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Commitment

The School has entered into operating lease agreements for school facilities. During the year ended June 30, 2020, the School paid base rents of $386,638 under this agreement. For the year ended June 30, 2021, the School is required to pay base rents of $324,488.

Claims and Judgements

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2021, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE 10 – 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 11 – RELATED PARTY TRANSACTIONS

The School was originally founded by GALS, Inc., a Rhode Island private nonprofit, and 501(c)(3) tax-exempt organization. GALS, Inc. was formed in 2008 and the School's original charter with Denver Public Schools was approved in 2009. The School and GALS, Inc. have worked cooperatively to create and foster a mutually supportive network of schools across the United States. The School entered into a variety of related party transactions with GALS, Inc. from 2009 through June 30, 2017 without executing contractual agreements.

Effective July 1, 2018, the School and GALS, Inc. entered into licensing and affiliation and grant management agreements to clarify the relationship between the two entities.

Effective October 20, 2020, the School and GALS, Inc. entered into the following agreements:

Intellectual Property License Agreement. Under the terms of this agreement, the School receives the right to use all intellectual property owned by GALS, Inc. The agreement fixes the amount GALS, Inc. owes the School and terms of repayment.

Affiliation Agreement. Under the terms of this agreement, the School will pay a $30,000 annual fee to GALS, Inc. in exchange for a variety of services, including training and development opportunities for School staff. The parties also agree to the following terms:

> *GALS, Inc. Board*
> The School will appoint one member from its governance board to serve on the board of GALS, Inc.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

Insurance
The School will name GALS, Inc. as an additional insured under its general liability insurance policies.

Cooperative Grant Management Agreement. Under the terms of this agreement, the School agreed to become the employer of record for certain employees of GALS, Inc. for purposes of cooperatively managing certain private grants covering mutual activities. The School also included GALS, Inc. as an additional insured on its general liability insurance policies. In exchange for the School acting as the employer of record, GALS, Inc. agreed to reimburse the School for net payroll costs for the employees managing the cooperative grants. The cost of benefits for these employees was covered by GALS, Inc. in the form of a private grant made to the School during the 2019-2020 school year.

For the period ending June 30, 2021 the School recognized a $30,000 credit against the outstanding balance owed by GALS, Inc. under the Affiliation Agreement. Under the License Agreement, GALS, Inc. paid the School $20,000.

NOTE 12 - 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 $144,500 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.

NOTE 13 – CORRECTION OF ERRORS

Fund balance as of June 30, 2020 has been restated for the correction of errors in accounts receivable, accounts payable, payroll taxes payable, and cash balances due to recognizing prior year GAL'S, Inc. salaries being subject to PERA and recognizing foundation and scholarship revenue in the correct period. The School had over-reported accounts receivable, accounts payable, payroll taxes payable balances and cash related to these items at June 30, 2020.

Restatements had the following impact on previously reported balances:

Net Position, June 30, 2020, as originally stated	$ (1,911,948)
Correction of an error	(52,117)
Net Position, June 30, 2020, as Restated (deficit)	$ (1,964,065)
Fund Balance, June 30, 2020, as originally stated	$ 1,560,780
Correction of an error	(52,117)
Fund Balance, June 30, 2020, as Restated	$ 1,508,663

REQUIRED SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
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)	0.3695588291%	0.3706167673%	0.3248757431%	0.4548311784%	0.3324797245%	0.2541941319%	0.2311240136%	0.1636945430%
School's proportionate share of the net pension liability (asset)	$ 1,662,697	$ 2,441,786	$ 3,323,157	$ 4,077,607	$ 3,642,222	$ 2,067,958	$ 1,443,531	$ 851,382
State's proportionate share of the net pension liability (asset) associated with the School	-	1,082,148	1,721,710	-	-	-	-	-
Total	$ 1,662,697	$ 3,523,934	$ 5,044,867	$ 4,077,607	$ 3,642,222	$ 2,067,958	$ 1,443,531	$ 851,382
School's covered payroll	$ 2,910,311	$ 4,009,283	$ 3,581,169	$ 2,866,930	$ 2,196,978	$ 1,832,262	$ 1,438,476	$ 892,566
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	57.13%	60.90%	92.80%	142.23%	165.78%	112.86%	100.35%	95.39%
Plan fiduciary net position as a percentage of the total pension liability	90.1%	84.7%	75.7%	79.5%	74.0%	79.3%	83.9%	86.3%

* 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.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 206,270	$ 252,237	$ 213,301	$ 144,872	$ 108,446	$ 55,672	$ 46,679	$ 47,804
Contributions in relation to the contractually required contribution	(206,270)	(252,237)	(213,301)	(144,872)	(108,446)	(55,672)	(46,679)	(47,804)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,765,017	$ 3,917,373	$ 3,973,083	$ 3,210,962	$ 2,484,198	$ 1,832,262	$ 1,438,476	$ 984,459
Contributions as a percentage of covered payroll	7.46%	6.44%	5.37%	4.51%	4.37%	3.04%	3.25%	4.86%

* 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.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2021

	2020	2019	2018	2017
School's proportion of the net OPEB liability (asset)	0.3695728453%	0.5348463606%	0.4931861353%	0.4536180542%
School's proportionate share of the net OPEB liability (asset)	$ 84,603	$ 197,021	$ 222,772	$ 231,159
School's covered payroll	$ 2,910,311	$ 4,009,283	$ 3,581,169	$ 2,866,930
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.91%	4.91%	6.22%	8.06%
Plan fiduciary net position as a percentage of the total OPEB liability	65.4%	47.0%	34.7%	30.4%

* 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.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	2021	2020	2019	2018
Contractually required contribution	$ 28,230	$ 39,957	$ 40,525	$ 32,752
Contributions in relation to the contractually required contribution	(28,230)	(39,957)	(40,525)	(32,752)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,765,017	$ 3,917,373	$ 3,973,083	$ 3,210,962
Contributions as a percentage of covered payroll	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.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
REVENUES				
Local sources	$ 1,384,324	$ 1,551,062	$ 1,542,353	$ (8,709)
State sources	3,426,969	3,501,813	3,321,239	(180,574)
Federal sources	151,774	432,196	447,959	15,763
Total revenues	4,963,067	5,485,071	5,311,551	(173,520)
EXPENDITURES				
Salaries	2,723,925	2,894,358	2,843,668	50,690
Employee benefits	801,441	877,199	839,785	37,414
Purchased services	1,152,075	1,330,863	1,243,000	87,863
Supplies and materials	136,707	163,792	120,874	42,918
Property	30,919	84,445	78,668	5,777
Other	118,000	86,580	68,682	17,898
Total expenditures	4,963,067	5,437,237	5,194,677	242,560
Net change in fund balances	-	47,834	116,874	(69,040)
Fund balance - beginning	-	1,560,780	1,560,780	-
Prior period adjustment	-	-	(52,117)	-
Fund balance, beginning, as restated	-	1,560,780	1,508,663	52,117
Fund balance, ending	$ -	$ 1,608,614	$ 1,625,537	$ (69,040)

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2021

	Middle School	High School	Boys School	Total
ASSETS				
Cash and cash equivalents	$ 1,586,233	$ 21,669	$ -	$ 1,607,902
Other receivables	69,236	11,885	-	81,121
Grant receivables	72,787	200,761	-	273,548
Prepaids	2,073	6,031	-	8,104
Total Assets	$ 1,730,329	$ 240,346	$ -	$ 1,970,675
LIABILITIES				
Accounts payable and other accrued liabilities	$ 73,403	$ 29,760	$ -	$ 103,163
Accrued salaries and benefits	90,980	70,995	-	161,975
Unearned revenue	52,500	27,500	-	80,000
Total Liabilities	216,883	128,255	-	345,138
FUND BALANCE				
Non-spendable	2,073	6,031	-	8,104
Restricted				
Scholarships	-	20,327		20,327
Emergencies	94,000	50,500	-	144,500
Committed	79,550	35,232	-	114,782
Unassigned	1,337,823	1	-	1,337,824
Total Fund Balance	1,513,446	112,091	-	1,625,537
Total Liabilities and Fund Balance	$ 1,730,329	$ 240,346	$ -	$ 1,970,675

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Middle School	High School	Boys School	Total
REVENUES				
Local sources	$ 1,043,725	$ 498,628	$ -	$ 1,542,353
State sources	2,221,363	1,099,876	-	3,321,239
Federal sources	277,663	170,296	-	447,959
Total revenues	3,542,751	1,768,800	-	5,311,551
EXPENDITURES				
Instruction	1,926,402	1,051,525	1,704	2,979,631
Supporting services	1,373,460	839,049	2,537	2,215,046
Total expenditures	3,299,862	1,890,574	4,241	5,194,677
Excess (deficiency) of revenues over expenditures	242,889	(121,774)	(4,241)	116,874
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(629,441)	149,028	480,413	-
Net change in fund balance	(386,552)	27,254	476,172	116,874
Fund balance - beginning, as originally stated	1,952,115	84,837	(476,172)	1,560,780
Prior period adjustment	(52,117)	-	-	(52,117)
Fund balance, beginning, as restated	1,899,998	84,837	(476,172)	1,508,663
Fund balance, ending	$ 1,513,446	$ 112,091	$ -	$ 1,625,537

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 1,056,619	$ 1,043,725	$ (12,894)
State sources	2,327,180	2,221,363	(105,817)
Federal sources	306,051	277,663	(28,388)
Total revenues	3,689,850	3,542,751	(147,099)
EXPENDITURES			
Instruction	2,031,783	1,926,402	105,381
Support services	1,449,823	1,373,460	76,363
Total expenditures	3,481,606	3,299,862	181,744
Excess (deficiency) of revenues over expenditures	208,244	242,889	34,645
OTHER FINANCING SOURCES (USES)			
Transfers	-	(629,441)	-
Net change in fund balance	208,244	(386,552)	34,645
Fund balance - beginning, as originally stated	1,618,795	1,952,115	333,320
Prior period adjustment	-	(52,117)	(52,117)
Fund balance, beginning, as restated	1,618,795	1,899,998	281,203
Fund balance, ending	$ 1,827,039	$ 1,513,446	$ 315,848

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 494,443	$ 498,628	$ 4,185
State sources	1,149,133	1,099,876	(49,257)
Federal sources	141,645	170,296	28,651
Total revenues	1,785,221	1,768,800	(16,421)
EXPENDITURES			
Instruction	1,155,930	1,051,525	104,405
Support services	799,701	839,049	(39,348)
Total expenditures	1,955,631	1,890,574	65,057
Excess (deficiency) of revenues over expenditures	(170,410)	(121,774)	48,636
OTHER FINANCING SOURCES (USES)			
Transfers	-	149,028	149,028
Net change in fund balance	(170,410)	27,254	197,664
Fund balance, beginning	(58,015)	84,837	142,852
Fund balance, ending	$ (228,425)	$ 112,091	$ 340,516

See the accompanying independent auditors' report.

GIRLS ATHLETIC LEADERSHIP SCHOOLS DENVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - BOYS SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ -	$ -	$ -
State sources	-	-	-
Federal sources	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Instruction	-	1,704	(1,704)
Support services	-	2,537	(2,537)
Total expenditures	-	4,241	(4,241)
Excess (deficiency) of revenues over expenditures	-	(4,241)	4,241
OTHER FINANCING SOURCES (USES)			
Transfers	-	480,413	480,413
Net change in fund balance	-	476,172	4,241
Fund balance, beginning	-	(476,172)	(476,172)
Fund balance, ending	$ -	$ -	$ (471,931)

See the accompanying independent auditors' report.