NEW LEGACY CHARTER SCHOOL

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

NEW LEGACY CHARTER SCHOOL
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JUNE 30, 2021

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Legacy Charter School

We have audited the accompanying financial statements of the governmental activities and each major fund of New Legacy Charter School, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 the New Legacy Charter School, as of June 30, 2021, and the respective changes in financial position thereof 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
October 14, 2021

New Legacy Charter School
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2021

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

Financial Highlights

The year ended June 30, 2021 is the sixth year of operations for NLCS. As of June 30, 2021, net position increased by $395,655 to $(2,300,725). New Legacy Charter School's governmental funds reported an ending fund balance of $1,014,159, a decrease of $(1,203,917) from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $845,459.

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 (Colorado Charter School Institute). The governmental activities of NLCS 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 budget for the General Fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the 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, NLCS's net position was $(2,300,725). This position includes a net pension liability in the amount of $3,997,179, representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $145,317, 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, $(2,709,992) is invested in capital assets, $87,500 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, $559,920 is restricted for debt service, and $9,100 is restricted for special education.

New Legacy Charter School's Net Position

	2020-2021	2019-2020
ASSETS		
Cash and Investments	$ 769,878	$ 2,537,215
Restricted Cash and Investments	567,920	-
Accounts Receivable	43,711	50,087
Grants Receivable	51,844	61,604
Loan Receivable	3,823,800	-
Prepaid Expenses	7,523	31,796
Deposits	-	25,000
Capital Assets, Net of Accumulated Depreciation	5,477,700	89,120
TOTAL ASSETS	10,742,376	2,794,822
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,297,253	1,030,280
OPEB, Net of Accumulated Amortization	23,909	29,560
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,321,162	1,059,840
LIABILITIES		
Accounts Payable and Other Accrued Liabilities	68,694	78,992
Accrued Salaries and Benefits	103,312	158,484
Accrued Interest Payable	7,943	
Unearned Revenues	254,711	250,150
Noncurrent Liabilities		
Due within One Year	61,850	-
Due in More Than One Year	8,125,842	-
Net Pension Liability	3,997,179	3,508,178
Net OPEB Liability	145,317	172,524
TOTAL LIABILITIES	12,764,848	4,168,328
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,551,762	2,349,777
OPEB, Net of Accumulated Amortization	47,653	32,937
TOTAL DEFERRED INFLOWS OF RESOURCES	1,599,415	2,382,714
NET POSITION		
Net Investment in Capital Assets	(2,709,992)	89,120
Restricted for Emergencies	87,500	134,500
Restricted for Debt Service	559,920	-
Restricted for Special Education	9,100	-
Restricted for Building Acquisition	-	1,828,557
Unrestricted	(247,253)	(4,748,557)
TOTAL NET POSITION	$ (2,300,725)	$ (2,696,380)

New Legacy Charter School's Change in Net Position

	2020-2021	2019-2020
REVENUES		
Per Pupil Revenue	$ 845,459	$ 898,939
Mill Levy	27,432	-
Grants and Contributions not Restricted to Specific Programs	570,280	-
Charges for Services	843,034	651,474
Operating Grants and Contributions	724,415	2,654,621
Capital Grants and Contributions	39,683	292,985
Investment Income	97,946	-
Special Funding - PERA	-	15,041
Other	38,198	87,132
TOTAL REVENUE	3,186,447	4,600,192
EXPENSES		
Instructional	1,175,246	1,459,434
Supporting Services	981,233	1,259,847
Interest and Other Fiscal Charges	634,313	-
TOTAL EXPENSES	2,790,792	2,719,281
CHANGE IN NET POSITION	395,655	1,880,911
NET POSITION, Beginning	(2,696,380)	(4,577,291)
NET POSITION, Ending	$ (2,300,725)	$ (2,696,380)

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 $454,239, a decrease of $(1,763,837) from the prior year. This decrease is the result of a planned transfer of capital contributions to the New Legacy Charter School Building Corporation to support the acquisition of the School's educational facility.

The School maintains two additional governmental funds for the New Legacy Charter School Building Corporation (the Building Corporation) and the New Legacy QALICB (the QALICB). The Building Corp and QALICB were primarily organized to finance the acquisition of educational facilities and currently leases facilities only to the School.

As of the end of the current fiscal year, the Building Corporation reported an ending fund balance of $254,729 and the QALICB reported an ending fund balance of $305,191. Both amounts are restricted for future debt service payments.

General Fund Budgetary Highlights

NLCS recognized $85,343 less revenue than expected and spent $260,551 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes, revenues, expenditures, and transfers. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and funding assumptions and the transfer to the Building Corporation was added to aid in the facility acquisition.

Loan Receivable, Capital Assets, & Long-Term Debt

In October 2020, the Building Corporation issued a leverage loan. These funds along with cash on hand were loaned by CGRF Subsidiary Thirteen LLC to the QALICB for the acquisition of the School's educational facilities. More information regarding the loan receivable may be found in Note 5 to the financial statements.

The School has invested in capital assets in the form of the School's educational facility, furniture and equipment, and vehicles. 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 7 to the financial statements.

In October 2020 the Building Corporation obtained a loan from Citywide Banks. The Citywide loan proceeds, along with cash on hand, were loaned to TNT-New Legacy NMTC Fund, LLC for the purposes of obtaining additional funding. In October 2020 the QALICB obtained loans from CGRF Subsidiary Thirteen LLC. The proceeds of the TNT-New Legacy NMTC Fund, LLC and the CGRF Subsidiary Thirteen LLC loans were used to finance the acquisition of the School's educational facility. More information regarding long-term liabilities may be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for New Legacy Charter School is student enrollment. Enrollment for the 2020-2021 school year was 94.00 funded students. Enrollment projected for 2021-2022 is 90.00 funded students. This factor was considered when preparing NLCS's budget for 2021-2022.

Requests for Information

This financial report is designed to provide a general overview of New Legacy Charter School'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:

New Legacy Charter School
2091 Dayton Street
Aurora, CO 80010

BASIC FINANCIAL STATEMENTS

NEW LEGACY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
ASSETS		
Cash and investments	$	769,878
Restricted cash and investments		567,920
Receivables		95,555
Loan receivable		3,823,800
Prepaids		7,523
Capital assets, net of accumulated depreciation		5,477,700
Total Assets		10,742,376
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows		1,297,253
Deferred OPEB outflows		23,909
Total Deferred Outflows of Resources		1,321,162
LIABILITIES		
Accounts payable and other accrued liabilities		68,694
Accrued salaries and benefits		103,312
Unearned revenue		254,711
Accrued interest payable		7,943
Long-term liabilities		
Due within one year		61,850
Due in more than one year		8,125,842
Net pension liability		3,997,179
Net OPEB liability		145,317
Total Liabilities		12,764,848
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows		1,551,762
Deferred OPEB inflows		47,653
Total Deferred Inflows of Resources		1,599,415
NET POSITION		
Net investment in capital assets		(2,709,992)
Restricted for:		
Emergencies		87,500
Debt Service		559,920
Special education		9,100
Unrestricted		(247,253)
Total Net Position (deficit)	$	(2,300,725)

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

NEW LEGACY CHARTER SCHOOL
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	$ 1,175,246	$ 843,034	$ 707,611	$ -	$ 375,399
Supporting services	981,233	-	16,804	39,683	(924,746)
Interest and other fiscal charges	634,313	-	-	-	(634,313)
Total governmental activities	$ 2,790,792	$ 843,034	$ 724,415	$ 39,683	(1,183,660)
General revenues:					
Per pupil revenue					845,459
Grants and contributions not restricted to specific programs					597,712
Unrestricted investment earnings					97,946
Miscellaneous					38,198
Total general revenues					1,579,315
Change in net position					395,655
Net position - beginning (deficit)					(2,696,380)
Net position - ending (deficit)					$ (2,300,725)

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

NEW LEGACY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Building Corp	QALICB	Total
ASSETS				
Cash and investments	$ 769,878	$ -	$ -	$ 769,878
Restricted cash and cash equivalents	-	254,729	313,191	567,920
Receivables	95,555	-	-	95,555
Due from other funds	8,000	-	-	8,000
Prepaids	7,523	-	-	7,523
Total Assets	880,956	254,729	313,191	1,448,876
LIABILITIES				
Accounts payable and other accrued liabilities	68,694	-	-	68,694
Accrued salaries and benefits	103,312	-	-	103,312
Unearned revenue	254,711	-	-	254,711
Due to other funds	-	-	8,000	8,000
Total Liabilities	426,717	-	8,000	434,717
FUND BALANCE				
Non-spendable	7,523	-	-	7,523
Restricted for:				
Debt service	-	254,729	305,191	559,920
Emergencies	87,500	-	-	87,500
Special Education	9,100	-	-	9,100
Unassigned	350,116	-	-	350,116
Total Fund Balance	454,239	254,729	305,191	1,014,159
Total Liabilities and Fund Balance	$ 880,956	$ 254,729	$ 313,191	$ 1,448,876

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

NEW LEGACY CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET
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		$ 1,014,159
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		5,477,700
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either differed or not reported in the funds.		
Note receivable		3,823,800
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Loans Payable	$ (8,187,692)	
Accrued interest payable	(7,943)	
Net pension liability	(3,997,179)	
Pension outflows	1,297,253	
Pension inflows	(1,551,762)	
Net OPEB liability	(145,317)	
OPEB outflows	23,909	
OPEB inflows	(47,653)	(12,616,384)
Total Net Position of Governmental Activities		$ (2,300,725)

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

NEW LEGACY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Corp	QALICB	Total
REVENUES				
Local sources	$ 1,451,512	$ 97,924	$ 21	$ 1,549,457
State sources	1,456,862	-	-	1,456,862
Federal sources	180,127	-	-	180,127
Total revenues	3,088,501	97,924	21	3,186,446
EXPENDITURES				
Instruction	1,470,936	-	-	1,470,936
Supporting services	1,104,176	329	52,444	1,156,949
Debt service				
Interest	-	50,234	97,926	148,160
Principal	-	34,382	-	34,382
Issuance costs	-	72,071	406,139	478,210
Facilities acquisition and construction	-	-	5,500,000	5,500,000
Total expenditures	2,575,112	157,016	6,056,509	8,788,637
Excess (deficiency) of revenues over expenditures	513,389	(59,092)	(6,056,488)	(5,602,191)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(2,277,226)	1,735,547	541,679	-
Proceeds from long-term debt	-	2,402,074	5,820,000	8,222,074
Note issued	-	(3,823,800)	-	(3,823,800)
Total other financing sources (uses)	(2,277,226)	313,821	6,361,679	4,398,274
Net change in fund balance	(1,763,837)	254,729	305,191	(1,203,917)
Fund balance, beginning	2,218,076	-	-	2,218,076
Fund balance, ending	$ 454,239	$ 254,729	$ 305,191	$ 1,014,159

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

NEW LEGACY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE 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		$ (1,203,917)
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	$ (135,830)	
Capital Outlays	5,524,410	5,388,580
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.		
Proceeds from long term debt	$ (8,222,074)	
Note issuance	3,823,800	
Principal paid on loan	34,382	(4,363,892)
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.		
Interest expense	$ (7,943)	
Pension expenses	575,987	
OPEB expenses	6,840	574,884
Change in Net Position of Governmental Activities		$ 395,655

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Legacy Charter School (the School) was organized pursuant to the Colorado Charter Schools Act in 2013 to form and operate a charter school under the oversight of the Colorado Charter School Institute (CSI). The School began admitting students in the Fall of 2015. The School receives its State funding from CSI. The current charter runs through June 30, 2025.

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

A. REPORTING ENTITY

The financial reporting entity consists of the School and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Blended component units. The School includes the New Legacy Charter School Building Corporation (the "Building Corp.") and the New Legacy QALICB (the "QALICB.") within its reporting entity. The Building Corp and QALICB were primarily organized to finance the acquisition of educational facilities and currently leases facilities only to the School. The Building Corp and QALICB are blended into the financial statements of the school as special revenue funds and do not issue separate financial statements.

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

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 funds:

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

The *Building Corp.* - This fund is used to account for the financial activities of resources available for debt service related to the acquisition of capital sites, buildings, and equipment.

The *QALICB* – This fund is used to account for all other resources available for acquiring capital sites, buildings, equipment and the related debt service.

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

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 120 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.

Investments

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

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

Restricted cash and investments

The use of certain cash and investments of the School may be restricted. These items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements or voter authorizations.

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.

Prepaid items

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

Capital Assets

Capital assets, which include property, buildings, furniture and equipment, 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, as applicable.

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

Building	30 years
Furniture and equipment	5-10 years
Vehicles	10

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

Accrued Salaries and Benefits

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

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

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

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

Deferred outflows/inflows of resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term debt

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

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

Net position flow assumption

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

Fund Balance Classification

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

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

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

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

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) fees and charges to pupils and other users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including per pupil revenue, are reported as *general revenues*.

Compensated Absences

The School's employees accrue paid time off during the year for personal needs and illness. Accrued paid time off is not paid upon termination of employment; therefore, a liability for unused paid time off is not recorded in the financial statements.

G. ESTIMATES

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

NOTE 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 yearend. 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 Statutes for all funds. Prior to the fiscal year end, 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. 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. Variances between budget and actual are results 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.

Budgets were not adopted for the Building Corp. and QALICB funds.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Deposits	$ 1,337,798

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

Cash and investments	$ 769,878
Restricted cash and investments	567,920
Total	$ 1,333,798

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

Custodial credit risk—deposits. Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

At June 30, 2021, the carrying amount of the School's deposits was $1,337,978 and the bank balances were $1,354,323. Of the total bank balances, $250,000 was covered by FDIC insurance and $1,104,323 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in a trust for all uninsured deposits as a group.

Investments

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 for fiscal year ending June 30, 2021.

NOTE 4 –RECEIVABLES

Receivables consists of the following at June 30, 2021:

Grants receivable	$ 51,844
Other receivables	43,711
Total	$ 95,555

NOTE 5 – LOAN RECEIVABLE

On October 28, 2020, the Building Corp. issued a $3,823,800 leverage loan with a 25 year term bearing interest at 3.7935%. These funds along with an additional $1,996,200 were loaned by CGRF Subsidiary Thirteen LLC to the QALICB for the acquisition of the School's educational facilities.

Loan receivable consists of the following at June 30, 2021:	$ 3,823,800

$3,823,000 of the outstanding balance of loan receivable is not anticipated to be collected within the next year.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

The composition of interfund balances at June 30, 2021 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 8,000	$ -
QALICB Fund	-	8,000
Total	$ 8,000	$ 8,000

The outstanding balances between funds result mainly from the time lag between the dates that payments between funds are made.

Interfund transfers

Interfund transfer activity for the year ended June 30, 2021 is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 2,277,226
Building Corp. Fund	2,277,226	541,679
QALICB Fund	541,679	-
Total	$ 2,818,905	$ 2,818,905

Transfers are used to move unrestricted revenues collected in the General Fund to finance debt service payments in the Building Corp. and QALICB funds.

Further, during the year ended June 30, 2021, the School made one time transfers related to debt issuance.

NOTE 7 - 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:				
Building	$ -	$ 5,500,000	$ -	5,500,000
Furniture and equipment	166,536	5,332	-	171,868
Vehicles	-	19,078	-	19,078
Total capital assets, being depreciated	166,536	5,524,410	-	5,690,946
Less accumulated depreciation for:				
Building	-	(122,222)	-	(122,222)
Furniture and equipment	(77,416)	(13,608)	-	(91,024)
Vehicles	-	-	-	-
Total accumulated depreciation	(77,416)	(135,830)	-	(213,246)
Total capital assets, being depreciated, net	$ 89,120	$ 5,388,580	$ -	$ 5,477,700

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

Instruction	$ 135,830

NOTE 8 – LONG-TERM LIABILITIES

The School has financed the acquisition of its educational facilities utilizing the New Market Tax Credit Program (NMTC Program). The NMTC Program attracts private capital by providing investors with a Federal tax credit who then make loans and investments to organizations like New Legacy Charter School. Both the Citywide Banks loan and CGRF CDE loans are part of this program, as is the loan receivable (Note 5).

Citywide Banks Loan

On October 28, 2020, the Building Corp. obtained a loan from Citywide Banks in the amount $2,402,074. Those funds along with cash on hand were loaned to TNT-New Legacy NMTC Fund, LLC for the purpose of obtaining additional funding for the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the Building Corp. for use of these facilities. Interest accrues at a rate of 3.5% and is due monthly. Principal payment are due monthly through October 2027 when a balloon payment is due.

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

CGRF CDE Loans

On October 28, 2020, the QALICB obtained loans from CGRF Subsidiary Thirteen LLC totaling $5,820,000. Those funds were used to finance the acquisition of the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the QALICB for use of these facilities. Interest accrues at a rate of 2.49% and is due quarterly. Principal payments begin on March 5, 2028 and are due quarterly from that date through the December 2050 maturity.

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

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2022	$ 61,850	$ 228,282
2023	64,074	226,058
2024	66,163	223,969
2025	68,757	221,374
2026	71,230	218,947
2027-2031	4,401,441**	584,173**
2032-2036	720,948**	387,264**
2037-2041	816,537**	291,675**
2042-2046	924,800**	183,411**
2047-2051	991,892**	60,909**
Total	$ 8,187,692	$ 2,626,062

** With the NMTC financing, the New Markets Tax Credits have a seven-year compliance period ending Oct. 28, 2027. New Legacy Charter School has entered into a put-call agreement related to the NMTC financing, which is expected to be exercised at the end of the seven-year period. This put-call agreement gives New Legacy Charter School the right to acquire 100 percent of the Investment Fund, which is expected to result in the CGRF CDE Loans being forgiven.

The loan receivable (Note 5) has a $3,823,800 balance at June 30, 2021. Sinking fund deposits required by Citywide Bank, which will total $249,000 when fully funded, as well as payments received on the loan receivable will also be used to retire the outstanding debt.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Loans payable	$ -	$ 8,222,074	$ (34,382)	$ 8,187,692	$ 61,850

NOTE 9 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at
C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

NOTE 9 - 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, New Legacy Charter School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**19.88%**

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the New Legacy Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from New Legacy Charter School were $273,416 for the year ended June 30, 2021.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The net pension liability for the SCHDTF was measured as of December 31, 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 New Legacy Charter School proportion of the net pension liability was based on New Legacy Charter School contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At June 30, 2021, the New Legacy Charter School reported a liability of $3,997,179 for its proportionate share of the net pension liability. The amount recognized by the New Legacy Charter School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with New Legacy Charter School were as follows:

New Legacy Charter School proportionate share of the net pension liability	$ 3,997,179
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the New Legacy Charter School	-
Total	$ 3,997,179

At December 31, 2020, the New Legacy Charter School proportion was 0.0264398980 percent, which was an increase of 0.0029577741 from its proportion measured as of December 31, 2019.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the New Legacy Charter School recognized pension expense of ($575,987). At June 30, 2021, the New Legacy Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 219,625	$ -
Changes of assumptions or other inputs	384,516	671,892
Net difference between projected and actual earnings on pension plan investments	-	879,870
Changes in proportion and differences between contributions recognized and proportionate share of contributions	559,281	-
Contributions subsequent to the measurement date	133,831	N/A
Total	$ 1,297,253	$ 1,551,762

$133,831 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	$ (414,292)
2023	247,435
2024	(82,678)
2025	(138,805)
2026	-
Thereafter	-

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

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

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

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

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

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

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

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

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

NOTE 9 - 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.

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing 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.

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

Sensitivity of the New Legacy Charter School *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	$ 5,452,480	$ 3,997,179	$ 2,784,434

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the New Legacy Charter School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the New Legacy Charter School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from New Legacy Charter School were $14,029 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 New Legacy Charter School reported a liability of $145,317 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The New Legacy Charter School proportion of the net OPEB liability was based on New Legacy Charter School contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

At December 31, 2020, the New Legacy Charter School proportion was 0.0152929318 percent, which was a decrease of 0.0000562169 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the New Legacy Charter School recognized OPEB expense of ($6,840). At June 30, 2021, the New Legacy Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 386	$ 31,948
Changes of assumptions or other inputs	1,806	8,911
Net difference between projected and actual earnings on OPEB plan investments	-	5,938
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,570	856
Contributions subsequent to the measurement date	6,867	N/A
Total	$ 23,909	$ 47,653

$6,867 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	$ (6,857)
2023	(6,026)
2024	(7,117)
2025	(6,360)
2026	(3,995)
Thereafter	(256)

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Year	PERACare Medicare Plans	Medicare Part A
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

Sensitivity of the New Legacy Charter School 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	$141,561	$145,317	$149,690

NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the New Legacy Charter School *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	$ 166,464	$ 145,317	$ 127,249

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

NOTE 11 - RISK MANAGEMENT

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

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

NOTE 12 - CONCENTRATION OF RISK

Charter School Institute

The School is funded directly by the Charter School Institute (CSI) based on the CSI's per pupil funding. For the fiscal year ended June 30, 2021, this funding accounted for approximately 27% of the School's revenues.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 14 - 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 was a $87,500 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 15 - 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).

REQUIRED SUPPLEMENTARY INFORMATION

NEW LEGACY CHARTER SCHOOL
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability (asset)	0.0264398980%	0.0234821239%	0.0237584375%	0.0259048082%	0.0220363865%	0.0191647559%
School's proportionate share of the net pension liability (asset)	$ 3,997,179	$ 3,508,178	$ 4,207,242	$ 8,376,694	$ 6,561,084	$ 2,931,114
State's proportionate share of the net pension liability (asset) associated with the School	-	4,071,775	575,307	-	-	-
Total	$ 3,997,179	$ 7,579,953	$ 4,782,549	$ 8,376,694	$ 6,561,084	$ 2,931,114
School's covered payroll	$ 1,414,043	$ 1,358,567	$ 1,306,128	$ 1,194,957	$ 989,031	$ 417,597
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	258.23%	322.12%	701.00%	663.38%	701.90%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%

* 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.

NEW LEGACY CHARTER SCHOOL
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 273,416	$ 267,696	$ 268,176	$ 229,708	$ 202,318	$ 156,635
Contributions in relation to the contractually required contribution	(273,416)	(267,696)	(268,176)	(229,708)	(202,318)	(156,635)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 1,375,331	$ 1,352,329	$ 1,401,860	$ 1,216,962	$ 1,100,046	$ 882,385
Contributions as a percentage of covered payroll	19.88%	19.80%	19.13%	18.88%	18.39%	17.75%

* 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.

NEW LEGACY CHARTER SCHOOL
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)	0.0152929318%	0.0153491487%	0.0154431085%	0.0147189970%
School's proportionate share of the net OPEB liability (asset)	$ 145,317	$ 172,524	$ 210,110	$ 191,288
School's covered payroll	$ 1,414,043	$ 1,358,567	$ 1,306,128	$ 1,239,082
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.70%	16.09%	15.44%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%

* 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.

NEW LEGACY CHARTER SCHOOL
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	2021	2020	2019	2018
Contractually required contribution	$ 14,029	$ 13,792	$ 14,299	$ 12,413
Contributions in relation to the contractually required contribution	(14,029)	(13,792)	(14,299)	(14,159)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,746)
School's covered payroll	$ 1,375,331	$ 1,352,329	$ 1,401,860	$ 1,265,794
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	0.98%

* 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.

NEW LEGACY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local sources	$ 1,418,578	$ 1,594,019	$ 1,451,512	$ (142,507)
State sources	1,461,885	1,412,846	1,456,862	44,016
Federal sources	122,810	166,979	180,127	13,148
Total revenues	3,003,273	3,173,844	3,088,501	(85,343)
EXPENDITURES				
Instruction	1,693,905	1,574,692	1,470,936	103,756
Supporting services	1,305,299	1,346,314	1,104,176	242,138
Total expenditures	2,999,204	2,921,006	2,575,112	345,894
Excess (deficiency) of revenues over expenditures	4,069	252,838	513,389	260,551
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(2,077,000)	(2,277,226)	(200,226)
Net change in fund balances	4,069	(1,824,162)	(1,763,837)	60,325
Fund balances - beginning	505,610	2,218,076	2,218,076	-
Fund balance - ending	$ 509,679	$ 393,914	$ 454,239	$ 60,325

See the accompanying Independent Auditors' Report.