Ricardo Flores Magón Academy
Denver, Colorado

Financial Statements

June 30, 2021

HINKLE & COMPANY PC
Strategic Business Advisors

Ricardo Flores Magón Academy

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June 30, 2021

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Ricardo Flores Magón Academy
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Ricardo Flores Magón Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Ricardo Flores Magón Academy, 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 from 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Ricardo Flores Magón Academy as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Hinkle & Company, pc

Greenwood Village, Colorado
October 1, 2021

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

Financial Highlights

The year ended June 30, 2021 is the fourteenth year of operations for RFMA. As of June 30, 2021, net position increased by $6,646,235 to $8,599,362. Ricardo Flores Magón Academy's governmental funds reported an ending fund balance of $865,021, an increase of $988,824 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 $2,048,277.

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 RFMA 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 two 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, RFMA's net position was $8,599,362. This position includes a net pension liability in the amount of $3,976,352, 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 $144,593, 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, $14,037,642 is invested in capital assets and $97,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Ricardo Flores Magón Academy's Net Position

	2020-2021	2019-2020
ASSETS		
Cash	$ 793,783	$ 830,997
Accounts Receivable	526,602	1,419,036
Grants Receivable	407,094	45,623
Prepaid Expenses	3,900	-
Capital Assets, Not Being Depreciated	15,436,106	12,283,332
TOTAL ASSETS	17,167,485	14,578,988
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	949,791	468,152
OPEB, Net of Accumulated Amortization	9,646	10,347
TOTAL DEFERRED OUTFLOWS OF RESOURCES	959,437	478,499
LIABILITIES		
Accounts Payable	643,231	1,416,325
Accrued Liabilities	51,874	36,631
Accrued Salaries and Benefits	92,696	131,501
Accrued Interest Payable	5,342	6,565
Unearned Revenues	78,557	326,655
Retainage Payable	-	508,347
Noncurrent Liabilities		
Due Within One Year	36,138	34,197
Due in More Than One Year	1,362,326	1,398,409
Net Pension Liability	3,976,352	3,752,849
Net OPEB Liability	144,593	184,539
TOTAL LIABILITIES	6,391,109	7,796,018
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	3,010,683	5,187,655
OPEB, Net of Accumulated Amortization	125,768	120,687
TOTAL DEFERRED INFLOWS OF RESOURCES	3,136,451	5,308,342
NET POSITION		
Net Investment in Capital Assets	14,037,642	10,335,814
Restricted for Emergencies	97,000	77,000
Unrestricted	(5,535,280)	(8,459,687)
TOTAL NET POSITION	$ 8,599,362	$ 1,953,127

Ricardo Flores Magón Academy's Change in Net Position

	2020-2021	2019-2020
REVENUES		
Per Pupil Revenue	$ 2,048,277	$ 2,231,409
Additional At-Risk Funding	2,515	2,702
Mill Levy	73,651	104,973
Contributions Not Restricted to Specific Programs	211,317	309,800
Capital Construction	3,687,458	9,872,159
Charges for Services	2,743	4,826
Operating Grants and Contributions	841,166	549,247
Investment Income	49	47
Other	498,861	20,927
TOTAL REVENUE	7,366,037	13,096,090
EXPENSES		
Instruction	(171,601)	1,364,473
Supporting Services	813,597	1,097,918
Interest on Long-Term Debt	77,806	1,833,677
TOTAL EXPENSES	719,802	4,296,068
CHANGE IN NET POSITION	6,646,235	8,800,022
NET POSITION, Beginning	1,953,127	(6,846,895)
NET POSITION, Ending	$ 8,599,362	$ 1,953,127

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 $865,021, an increase of $480,477 from the prior year.

The School also maintains a governmental fund to record the activity of the BG Building Corporation (the Corporation).The Corporation is a non-profit entity organized for the exclusive purpose of holding title to property. As of the end of the current fiscal year, the Corporation reported an ending fund balance of $0, an increase of $508,347 from the prior year.

General Fund Budgetary Highlights

RFMA recognized $293,803 less revenue than expected and spent $4,382,929 less than planned (largely as the result of a planned capital outlay expense that was instead treated as a transfer to the Corporation), when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and available resources.

Capital Assets & Long-Term Debt

The School has invested in capital assets for land and construction in progress to make improvements to the School's educational facility. More information regarding capital assets may be found in Note 3 to the financial statements.

The School has long-term debt in the form of a loan from Solera National Bank, obtained to finance building improvements and refinance outstanding debt. More information regarding long-term debt obligations may be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Ricardo Flores Magón Academy is student enrollment. Enrollment for the 2020-2021 school year was 249.00 funded students. Enrollment projected for 2021-2022 is 260.00 funded students. This factor was considered when preparing RFMA's budget for 2021-2022.

Requests for Information

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

Ricardo Flores Magón Academy
5301 Lowell Blvd
Westminster, CO 80221

Basic Financial Statements

Ricardo Flores Magón Academy
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	$ 793,783
Accounts Receivable	526,602
Grants Receivable	407,094
Prepaid Expenses	3,900
Capital Assets, *Not Being Depreciated*	15,436,106
Total Assets	17,167,485
Deferred Outflows of Resources	
Pensions, *Net of Accumulated Amortization*	949,791
OPEB, *Net of Accumulated Amortization*	9,646
Total Deferred Outflows of Resources	959,437
Liabilities	
Accounts Payable	643,231
Accrued Liabilities	51,874
Accrued Salaries and Benefits	92,696
Accrued Interest Payable	5,342
Unearned Revenue	78,557
Noncurrent Liabilities	
Due Within One Year	36,138
Due in More Than One Year	1,362,326
Net Pension Liability	3,976,352
OPEB Liability	144,593
Total Liabilities	6,391,109
Deferred Inflows of Resources	
Pensions, *Net of Accumulated Amortization*	3,010,683
OPEB, *Net of Accumulated Amortization*	125,768
Total Deferred Inflows of Resources	3,136,451
Net Position	
Net Investment in Capital Assets	14,037,642
Restricted for Emergencies	97,000
Unrestricted	(5,535,280)
Total Net Position	$ 8,599,362

See Notes to Financial Statements.

Ricardo Flores Magón Academy

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Primary Government				
Governmental Activities				
Instruction	$ (171,601)	$ 2,743	$ 801,214	$ 975,558
Supporting Services	813,597	-	39,952	(773,645)
Interest of Long-Term Debt	77,806	-	-	(77,806)
Total Governmental Activities	$ 719,802	$ 2,743	$ 841,166	124,107
General Revenues				
Per Pupil Revenue				2,048,277
Additional At-Risk Funding				2,515
District Mill Levy				73,651
Capital Construction				3,687,458
Grants and Contributions not Restricted to Specific Programs				211,317
Investment Income				49
Other				498,861
Total General Revenues and Transfers				6,522,128
Change in Net Position				6,646,235
Net Position, *Beginning of year*				1,953,127
Net Position, *End of year*				$ 8,599,362

See Notes to Financial Statements.

Ricardo Flores Magón Academy

Balance Sheet
Governmental Fund
June 30, 2021

	General	Building	Total
Assets			
Cash	$ 793,783	$ -	$ 793,783
Accounts Receivable	407,094	-	407,094
Grants Receivable	526,602	-	526,602
Prepaid Expenses	3,900	-	3,900
Total Assets	$ 1,731,379	$ -	$ 1,731,379
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	$ 643,231	$ -	$ 643,231
Accrued Liabilities	51,874	-	51,874
Accrued Salaries and Benefits	92,696	-	92,696
Unearned Revenue	78,557	-	78,557
Total Liabilities	866,358	-	866,358
Fund Balance			
Nonspendable Balance	3,900	-	3,900
Restricted for Emergencies	97,000	-	97,000
Assigned for Special Education	26,200	-	26,200
Unrestricted, Unassigned	737,921	-	737,921
Total Fund Balance	865,021	-	865,021
Total Liabilities and Fund Balance	$ 1,731,379	$ -	$ 1,731,379

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$ 865,021
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	15,436,106
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Accrued Interest Payable	(5,342)
Long Term Debt	(1,398,464)
Net pension liability	(3,976,352)
Pension-related deferred outflows of resources	949,791
Pension-related deferred inflows of resources	(3,010,683)
Net OPEB liability	(144,593)
OPEB-related deferred outflows of resources	9,646
OPEB-related deferred inflows of resources	(125,768)
Total Net Position of Governmental Activities	$ 8,599,362

See Notes to Financial Statements.

Ricardo Flores Magón Academy

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2021

	General	Building	Total
Revenues			
Local Sources	$ 599,758	$ 113,212	$ 712,970
State Sources	6,267,413	-	6,267,413
Federal Sources	385,654	-	385,654
Total Revenues	7,252,825	113,212	7,366,037
Expenditures			
Instruction	1,285,268	-	1,285,268
Supporting Services	1,825,960	3,152,814	4,978,774
Debt Service			
Principal	-	34,142	34,142
Interest	-	79,029	79,029
Total Expenditures	3,111,228	3,265,985	6,377,213
Excess of Revenues Over (Under) Expenditures	4,141,597	(3,152,773)	988,824
Other Financing Sources			
Transfers Out	(3,661,120)	3,661,120	-
Net Change in Fund Balance	480,477	508,347	988,824
Fund Balance, *Beginning of year*	384,544	(508,347)	(123,803)
Fund Balance, *End of year*	$ 865,021	$ -	$ 865,021

See Notes to Financial Statements.

Ricardo Flores Magón Academy

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund 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 the Governmental Fund	$	988,824
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.		
Capital outlay		3,152,774
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Loan Payments		34,142
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 governmental funds. This includes changes in the following.		
Net pension liability		(223,503)
Pension-related deferred outflows of resources		481,639
Pension-related deferred inflows of resources		2,176,972
Net OPEB liability		39,946
OPEB-related deferred outflows of resources		(701)
OPEB-related deferred inflows of resources		(5,081)
Accrued Interest Payable		1,223
Change in Net Position of Governmental Activities	$	6,646,235

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Ricardo Flores Magón Academy (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. On January 20, 2007, the School entered into a contract with the Colorado Charter School Institute (the Institute) to authorize the School pursuant to the Colorado Charter School Institute Act, for an initial term of five years. The School began operations in August 2007. The current contract expires on June 30, 2022.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the School.

The School includes the BG Building Corporation (the Corporation) within its reporting entity. The Corporation is a non-profit entity organized for the exclusive purpose of holding title to property. The Corporation is blended into the School's financial statements as a Special revenue Fund and does not issue separate financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others 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. Unrestricted revenues not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities of the School.

Special Revenue Fund - This fund is used to account for the financial activities of the Corporation, primarily related to capital assets and the related debt service.

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Assets, Liabilities and Net Position/Fund Balance</u>

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

Capital Assets - Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized.

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

Buildings	30 years
Building Improvements	15 - 30 years
Equipment	3 years

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

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Pensions - The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP), and additions to and 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. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance *(Continued)*

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Most of these changes were in effect as of 2021.

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

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

Implementation of New Accounting Pronouncements

For the year ended June 30, 2021, the School Implemented GASB Statement No. 90 – Majority Equity Interests. This statement changes Building Corporations of the School from a Proprietary to a Special Revenue fund and will be a blended component unit of the School.

Note 1: Summary of Significant Accounting Policies (Continued)

Prior Period Adjustments

The Building Corporation is part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as a Special Revenue Fund. Separate financial statements are not available.

The financial impact for the changes in fund effects on the financial statement opening balances of the Special Revenue Fund are summarized as follows:

Building Corporation Fund	As Originally Stated Balance 06/30/20	Capital Assets Adjustments	Loan Payable Adjustments	Interest Payable Adjustments	As Restated Balance 6/30/20
Balance Sheet					
Assets					
Capital Assets	$ 12,283,332	$ (12,283,332)	$ -	$ -	$ -
Liabilities					
Retainage Payable	508,347	-	-	-	508,347
Interest Payable	6,565	-	-	(6,565)	-
Loan Payable	1,432,606	-	(1,432,606)	-	-
Fund Balance	$ 10,335,814	$ (12,283,332)	$ 1,432,606	$ 6,565	$ (508,347)

Subsequent Events

The School evaluated subsequent events through October 1, 2021, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the School had bank deposits of $518,692 collateralized with securities held by the financial institutions' agents but not in the School's name.

Note 2: Cash and Investments (Continued)

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes an investment for a period in excess of five years. State statutes do not address custodial risk.

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

The School has no investments at June 30, 2021.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2021, is summarized below.

Governmental-Type Activities	**Balance 6/30/20**	**Additions**	**Deletions**	**Balance 6/30/21**
Capital Assets, *Not Being Depreciated*				
Land	$ 66,000	$ -	$ -	$ 66,000
Construction in Progress	12,217,332	3,152,774	-	15,370,106
Total Capital Assets, *Not Being Depreciated*	12,283,332	3,152,774	-	15,436,106
Governmental-Type Activities Capital Assets, *Net*	$ 12,283,332	$ 3,152,774	$ -	$ 15,436,106

Depreciation expense of the governmental activities was charged to the instruction program of the School.

Note 4: Long-Term Debt

	Balance 6/30/20	Additions	Payments	Balance 6/30/21	Due Within One Year
Governmental-Type Activities					
2013 Loan	$ 1,432,606	$ -	$ (34,142)	$ 1,398,464	$ 36,138

On July 5, 2013, the Corporation obtained a $1,500,000 loan from Solera National Bank. Loan proceeds were used to finance building improvements and to refinance outstanding debt. Under the loan agreement, monthly interest payments were required beginning August 5, 2013, with interest accruing at the Wall Street Journal Prime Rate plus 1%, except that the rate would not be less than 4.25% per annum, resulting in an initial rate of 4.25%. Beginning August 5, 2014, monthly principal and interest payments of $10,388 were required, including interest accruing at 5.5% per annum. A balloon payment was due at maturity on July 9, 2019.

On June 5, 2017, the loan maturity was extended to June 5, 2027, including an option to draw an additional $150,000. Interest accrues on the outstanding balance of the loan at 5.5% per annum. Beginning July 5, 2017, monthly interest-only payments were due. Beginning on January 5, 2018, monthly principal and interest payments of $9,434 are required. A balloon payment of $1,157,826 is due at maturity on June 5, 2027.

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 36,138	77,074	$ 113,212
2023	38,206	75,007	113,213
2024	40,190	73,022	113,212
2025	42,691	70,522	113,213
2026	45,133	68,079	113,212
2027	1,196,106	65,497	1,261,603
Total	$ 1,398,464	$ 429,201	$ 1,827,665

Note 5: Defined Benefit Pension Plan

General Information

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Benefits Provided - 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 under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is 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:

a) Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
b) 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 annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

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 eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula shown above considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions Provisions as of June 30, 2021- Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. The School's contribution rate was 20.90% of covered salaries for July 1, 2020 through June 30, 2021. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-208(1)(f).

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $273,595, for the year ended June 30, 2021.

Note 5: 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 at 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 School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and 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 School reported a liability of $3,976,352, for its proportionate share of the net pension liability. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of net pension liability	$ 3,976,352
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	-
Proportionate share of the net pension liability	$ 3,976,352

At December 31, 2021, the School’s proportion was 0.0263021342%, which was an increase of 0.0011822967% from its proportion measured at December 31, 2019.

For the year ended June 30, 2021, the School recognized pension benefit of $2,156,218. There was no support from the State as a nonemployer contributing entity.

Note 5: Defined Benefit Pension Plan (Continued)

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

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 218,481	$ -
Changes of assumptions and other inputs	382,512	668,390
Net difference between projected and actual earnings on plan investments	-	875,284
Changes in proportion	189,335	1,467,009
Contributions subsequent to the measurement date	159,463	-
Total	$ 949,791	$ 3,010,683

School contributions subsequent to the measurement date of $159,463 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2022	$ (1,775,571)
2023	(162,133)
2024	(144,573)
2025	(138,078)
Total	$ (2,220,355)

Note 5: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2019, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry Age
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	ad hoc

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

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

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

Note 5: Defined Benefit Pension Plan (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> *(Continued)*

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

Actuarial cost method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by AIR

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.

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

The mortality tables described above are generational mortality tables on a 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 percentage 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	6.00%	4.70%
Total	100.00%	

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. 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%.
- 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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 5,424,070	$ 3,976,352	$ 2,769,926

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 6: Postemployment Healthcare Benefits

General Information

Plan Description - Eligible employees of the School are provided with postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. PERA issues a publicly available comprehensive annual financial report (Annual report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Benefits Provided - The HCTF provides a healthcare 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 over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

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

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the School Division are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School was $14,038, 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 School reported a liability of $144,593 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at 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 School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers to the HCTF. At December 31, 2020, the School's proportion was 0.0152167583%, which was a decrease of 0.0012012987% from its proportion measured at December 31, 2019.

Note 6: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2021, the School recognized OPEB benefit of $17,446. At June 30, 20211, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 383	$ 31,788
Changes of assumptions and other inputs	1,081	8,866
Net difference between projected and actual earnings on plan investments	-	5,908
Changes in proportion	-	79,206
Contributions subsequent to the measurement date	8,182	-
Total	$ 9,646	$ 125,768

School contributions subsequent to the measurement date of $8,182 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2022	$ (31,424)
2023	(30,598)
2024	(29,626)
2025	(25,445)
2026	(6,816)
Thereafter	(395)
Total	$ (124,304)

Note 6: Postemployment Healthcare Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(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	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
8.1% in 2020, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.5% in 2020, gradually increasing to 4.5% in 2029	
DPS Benefit Structure	
Service-based premium subsidy	0.0%
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:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of $558, Monthly Premium of $227, Monthly Costs Adjusted to Age 65 of $550.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of $621, Monthly Premium of $232, Monthly Costs Adjusted to Age 65 of $586.

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

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

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

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

Mortality assumptions used in the December 31, 2018, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%

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

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

Mortality assumptions used in the roll forward 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.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee 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.

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.

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

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

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

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, as presented previously (see Note 5).

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. 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%.
- 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% 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%.

Note 6: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the School's proportionate share of 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 165,634	$ 144,593	$ 126,616

Sensitivity of the School's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates, ranging from 2.5% to 9.1%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 140,856	$ 144,593	$ 148,944

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 7: Commitments and Contingencies

Claims and Judgments

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

Note 7: Commitments and Contingencies (Continued)

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the School has established an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2021, the reserve was reported as restricted fund balance in the General Fund, in the amount of $97,000.

Special Education Reserve

In the School's charter contract, the District requires the School to reserves $100 per pupil for future costs related to the special education program, not to exceed $90,000. At June 30, 2021, the reserve was reported as assigned fund balance in the General Fund, in the amount of $26,200.

Current Economic Conditions

During the year ended June 30, 2021, the United States of America and the State of Colorado declared an emergency associated with the COVID-19 pandemic. Along with significant declines in the financial markets, the public health emergency creates uncertain economic conditions. The School has adapted and made changes to operations due to potential impacts on health and safety. Should these conditions persist, the School could be negatively impacted.

Required Supplementary Information

Ricardo Flores Magón Academy
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2021

	12/31/20	12/31/19	12/31/18
Proportionate Share of the Net Pension Liability			
School's Proportion of the Net Pension Liability	0.0263021342%	0.0164180570%	0.0268135651%
School's Proportionate Share of the Net Pension Liability	$ 3,976,352	$ 4,747,892	$ 3,976,352
School's Covered-Employee Payroll	$ 1,407,164	$ 1,476,243	$ 1,474,087
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	283%	322%	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	57%

	6/30/21	6/30/20	6/30/19
School Contributions			
Statutorily Required Contribution	$ 273,595	$ 281,335	$ 247,192
Contributions in Relation to the Statutorily Required Contribution	(273,595)	(281,335)	(247,192)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,376,229	$ 1,451,678	$ 1,482,408
Contributions as a Percentage of Covered-Employee Payroll	19.88%	19.38%	16.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Ricardo Flores Magón Academy
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2021
(Continued)

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0334077637%	0.0352682461%	0.0320338943%	0.0291120062%	0.0276340164%
School's Proportionate Share of the Net Pension Liability	$ 10,802,883	$ 10,500,721	$ 4,899,358	$ 3,945,655	$ 3,524,711
School's Covered-Employee Payroll	$ 1,541,318	$ 1,582,902	$ 1,396,030	$ 1,219,586	$ 1,114,016
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
School Contributions					
Statutorily Required Contribution	$ 301,056	$ 284,266	$ 268,174	$ 219,031	$ 187,183
Contributions in Relation to the Statutorily Required Contribution	(301,056)	(284,266)	(268,174)	(219,031)	(187,183)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,509,409	$ 1,547,411	$ 1,511,471	$ 1,296,758	$ 1,171,297
Contributions as a Percentage of Covered-Employee Payroll	19.95%	18.37%	17.74%	16.89%	15.98%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Ricardo Flores Magón Academy

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2021

	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability				
School's Proportion of the Net OPEB Liability	0.0152167583%	0.0164180570%	0.0174289707%	0.0189853295%
School's Proportionate Share of the Net OPEB Liability	$ 144,593	$ 237,128	$ 144,593	$ 246,733
School's Covered Payroll	$ 1,407,164	$ 1,476,243	$ 1,474,087	$ 1,617,265
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	16%	10%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%

	6/30/21	6/30/20	6/30/19	6/30/18
School Contributions				
Statutorily Required Contribution	$ 14,038	$ 14,807	$ 15,058	$ 15,396
Contributions in Relation to the Statutorily Required Contribution	(14,038)	(14,807)	(15,058)	(15,396)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 1,376,229	$ 1,451,678	$ 1,482,408	$ 1,576,350
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	0.98%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Ricardo Flores Magón Academy
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Student Fees and Activities	$ 14,450	$ 14,450	$ 2,743	$ (11,707)
Food Services Fees	1,500	1,500	-	(1,500)
Contributions and Donations	219,391	310,000	211,317	(98,683)
Investment Income	200	200	49	(151)
Other	7,000	65,592	385,649	320,057
Total Local Sources	242,541	391,742	599,758	208,016
State Sources				
Per Pupil Revenue	2,426,760	2,122,238	2,048,277	(73,961)
District Mill Levy	112,000	47,941	73,651	25,710
Instruction Grants	309,417	357,785	455,511	97,726
Food Service Grants	1,900	1,900	1	(1,899)
Additional At-Risk Funding	31,500	28,238	2,515	(25,723)
Capital Construction	4,170,536	4,157,781	3,687,458	(470,323)
Total State Sources	7,052,113	6,715,883	6,267,413	(448,470)
Federal Sources				
Instruction Grants	106,847	306,847	345,703	38,856
Food Services Grants	132,156	132,156	39,951	(92,205)
Total Federal Grants	239,003	439,003	385,654	(53,349)
Total Revenues	7,533,657	7,546,628	7,252,825	(293,803)
Expenditures				
Salaries	1,394,475	1,369,689	1,379,588	(9,899)
Employee Benefits	537,898	519,425	453,471	65,954
Purchased Professional Services	382,223	383,950	369,363	14,587
Purchased Property Services	263,170	269,170	231,119	38,051
Other Purchased Services	385,773	362,780	273,779	89,001
Supplies	93,542	133,230	162,656	(29,426)
Property	4,402,827	4,369,680	237,728	4,131,952
Other	6,270	6,270	3,524	2,746
Contingency	67,480	79,963	-	79,963
Total Expenditures	7,533,658	7,494,157	3,111,228	4,382,929
Excess of Revenues Over (Under) Expenditures	(1)	52,471	4,141,597	4,089,126
Other Financing Sources				
Transfers Out	-	-	(3,661,120)	(3,661,120)
Net Change in Fund Balance	(1)	52,471	480,477	428,006
Fund Balance, *Beginning of year*	369,291	369,292	384,544	15,252
Fund Balance, *End of year*	$ 369,290	$ 421,763	$ 865,021	$ 443,258

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

An annual budget is adopted for the School on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

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.

All appropriations lapse at fiscal year-end.