

UNIVERSITY PREPARATORY SCHOOLS

BASIC FINANCIAL STATEMENTS

June 30, 2020

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

i - vi

Basic Financial Statements

Statement of Net Position

1

Statement of Activities

2

Balance Sheet – All Governmental Funds

3

Statement of Revenues, Expenditures and Changes in Fund Balances –
All Governmental Funds

4

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

5

Notes to the Financial Statements

6 – 38

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

39

Schedule of the Network's Proportionate Share – DPS Division Trust Fund

40

Schedule of the Network's Contributions – DPS Division Trust Fund

41

Schedule of the Network's Proportionate Share – DPS Health Care Trust Fund

42

Schedule of the Network's Contributions – DPS Health Care Trust Fund

43

TABLE OF CONTENTS (Continued)

	PAGE
Supplementary Information	
Combining Balance Sheet	44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	45
Budgetary Comparison Schedule – Home Office	46
Budgetary Comparison Schedule – Arapahoe Street School	47
Budgetary Comparison Schedule – Steele Street School	48

FINANCIAL SECTION

Board of Directors
University Preparatory Schools
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the University Preparatory Schools (the "Network"), component unit of the Denver Public Network District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the University Preparatory School as of and for the year ended June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedules of the Network's proportionate share, and schedules of the Network's contributions on pages 39-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Networks' financial statements. The combining and individual fund financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Luttrell & Associates, LLC

November 2, 2020

University Preparatory Schools

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2020

As management of University Preparatory Schools, we offer readers of the basic financial statements this narrative and analysis of the financial activities of the University Preparatory Schools as of and for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

This is the fourth year University Preparatory Schools operated as a network. The network consists of three entities, University Prep Arapahoe, University Prep Steele Street, and University Preparatory Schools or the home office. As of June 30, 2020, the net position was (\$210,678), a continued improvement from (\$883,997) in the prior year. The negative net position is due to the implementation of GASB 68 & 75, pension and post-employment benefit government accounting disclosures. The amount attributed to the net pension liability (\$3,262,742) shown on page 3, reduces the consolidated net position of the network. The operations of the University Preparatory Schools are funded primarily by tax revenue received under the State Finance Act (the Act). State categorical revenue for the year was \$5,905,260. The consolidated (all entities) General Fund ending fund balance increased \$1,508,313 to \$4,010,644 or 60.3%. Keep in mind, \$1,012,149 can be attributed to the PPP loan program or 67.1% of the increase.

Overview of Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the University Preparatory Schools' basic financial statements. The basic 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 University Preparatory Schools finances in a manner similar to a private-sector business.

The statement of net position presents information on all the University Preparatory Schools assets, deferred outflows, liabilities, and deferred inflows, with the difference between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition of the University Preparatory Schools is improving or deteriorating.

The statement of activities presents information showing how the University Preparatory Schools 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, revenue and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, accounts payable owed but unpaid as of year end).

University Preparatory Schools

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2020

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 University Preparatory Schools, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The University Preparatory Schools maintains a General Fund for each entity. Individual Fund statements for each entity are presented on pages 44 through 48.

The University Preparatory Schools adopts annual budgets for its funds. Budgetary comparisons have been provided for each governmental fund in the basic financial statements to demonstrate compliance with these budgets.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes are disclosed on pages 6 through 38.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the University Preparatory Schools' financial condition. As of June 30, 2020, the University Preparatory Schools' liabilities and deferred inflows exceeded assets and deferred outflows by (\$210,678). \$249,110 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the University Preparatory Schools. The unrestricted net position balance of (\$1,525,506) increased from the prior fiscal year by \$378,055, principally because University Preparatory Schools reflects the PPP loan as a restriction of net position.

University Preparatory Schools
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Net position as of June 30, 2020 is as follows:

	June 30, 2020
Assets	
Cash and Investments	\$ 3,702,375
Accounts and Grants Receivable	413,002
Inventory	32,302
Capital Assets (Net)	53,569
Total Assets	4,201,248
Deferred Outflows – Pensions & OPEB	1,544,657
Liabilities	
Accounts Payable	136,048
Payroll Liabilities	987
Loan Payable	1,012,149
Noncurrent Liability – Net Pension Liability	2,774,227
Total Liabilities	3,923,411
Deferred Inflows – Pensions & OPEB	2,033,172
Net Position	
Investment in Capital Assets	53,569
Restricted for Emergencies	249,110
Restricted for PPP Expenditures	1,012,149
Unrestricted	(1,525,506)
Total Net Position	\$ (201,678)

**University Preparatory Schools
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020**

Change in net position for the year ended June 30, 2020 is as follows:

	<u>June 30, 2020</u>
Revenues	
Program Revenues	
Operating Grants and Contributions	\$ 1,567,718
Charges for Services	922,600
Capital Grants and Contributions	<u>91,881</u>
Total Program Revenues	<u>2,582,199</u>
General Revenues	
State Categorical Revenue	5,905,260
Mill Levy Override	1,399,103
Unrestricted State Funding	89,322
Interest	14,985
Other	<u>50,422</u>
Total General Revenues	<u>7,459,092</u>
Total Revenues	<u>10,041,291</u>
Expenditures/Expenses Current	
Instruction	4,532,263
Administrative Support	<u>4,835,709</u>
Total Expenses	<u>9,367,972</u>
Decrease in Net Position	673,319
Net Position, Beginning of Year	<u>(883,997)</u>
Net Position, End of Year	<u>\$ (210,678)</u>

Financial Analysis of the University Preparatory Schools' Funds

The University Preparatory Schools network fund balance increased as a whole and individually. Consolidated Fund Balance of the three general operating funds increased by \$1,508,313 or 60.3%. The combined Fund Balance of the three entities was \$4,010,644 at June 30, 2020, which represents approximately 171.6 days of operating expense reserves on hand. Consolidated cash at 6/30/20 was \$3,702,375 or 89.3% of total assets. 68.5% of the combined ending Fund Balance was unassigned.

University Preparatory Schools

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2020

General Fund and Budgetary Highlights

The University Preparatory Schools approved a General Fund budget with expenditures of \$9,982,897 for the year ended June 30, 2020. Actual expenditures were \$9,455,805. This resulted in a positive variance of \$527,092.

No budget amendments were passed during the year.

Capital Assets and Debt Administration

The University Preparatory Schools leases its facilities and land under operating leases with Denver Public Schools (the District) and are renewed annually. Net capital assets totaled \$53,569 at June 30, 2020 which included accumulated depreciation of \$8,285.

The University Preparatory Schools had PPP loans outstanding of \$1,012,149 at June 30, 2020.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the University Preparatory Schools is student enrollment. The historical Funded Pupil Count (FPC) for Arapahoe and Steel Street locations are as follows:

UPREP SCHOOLS Fiscal Year (FY)	FPC ARAP	FPC STEELE	FPC Total	Total % CHG.
FY12	88.2	0	88.2	
FY13	160.1	0	160.1	81.52%
FY14	218.2	0	218.2	36.29%
FY15	270.9	0	270.9	24.15%
FY16	334	0	334	23.29%
FY17	337.2	207.9	545.1	63.20%
FY18	320.6	219.9	540.6	-0.83%
FY19	326.2	288.6	614.8	13.73%
FY20	330	329	659	7.19%
FY21 PROJ	360	362	722	9.56%

The combined projected FPC for the FY21 University Preparatory Schools is 722. The enrollment played an integral part in preparing the University Preparatory Schools' budgets for FY21 and prior years. The University Preparatory Schools has been approved to replicate/open four new schools in the DPS system and was awarded a Federal \$3.7 million replication grant subject to funding availability in 2017. Currently there are plans to open a new School in the fall of 2022.

The Per Pupil Revenue (PPR) for FY21 decreased on average 5.4% State wide due to the pandemic. Even though we are experiencing a rebound in Colorado's economy, it is very likely K-12 funding will be subject to further reductions in FY22. The State revenue collections include corporate and individual income taxes, excise taxes, and sales tax. All tax collections have declined sharply due to temporary and permanent business closures.

University Preparatory Schools
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

As we have seen this year (FY21), Federal support backfilled much of the reduction in PPR. Clearer direction on K-12 funding will be available with the Governor's budget due to be released in November.

Requests for Information

The financial report is designed to provide a general overview of the University Preparatory Schools' finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to University Preparatory Schools, 3230 E. 38th Ave., Denver, Colorado 80205.

BASIC FINANCIAL STATEMENTS

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF NET POSITION

As of June 30, 2020

	Governmental Activities	
	2020	2019
ASSETS		
Cash	\$ 3,702,375	\$ 2,368,899
Accounts Receivable	62,115	13,719
Grants Receivable	350,887	144,445
Inventory	32,302	41,900
Prepaid Expenses	-	33,502
Capital Assets, Depreciated, Net of Accumulated Depreciation	53,569	40,854
TOTAL ASSETS	4,201,248	2,643,319
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,523,265	1,073,061
Related to OPEB	21,392	25,977
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,544,657	1,099,038
LIABILITIES		
Accounts Payable	136,048	68,807
Accrued Expenses	987	1,327
Unearned Revenues		30,000
Noncurrent Liabilities		
Loan Payable	1,012,149	-
Net Pension Liability	2,567,096	3,774,472
Net OPEB Liability	207,131	253,022
TOTAL LIABILITIES	3,923,411	4,127,628
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,983,422	459,981
Related to OPEB	49,750	38,745
TOTAL DEFERRED INFLOWS OF RESOURCES	2,033,172	498,726
NET POSITION		
Net Investment in Capital Assets	53,569	40,854
Restricted for Emergencies	249,110	222,600
Restricted for PPP Expenditures	1,012,149	-
Unrestricted, Unreserved	(1,525,506)	(1,147,451)
TOTAL NET POSITION	\$ (210,678)	\$ (883,997)

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

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT					2020	2019
Governmental Activities						
Instructional	\$ 4,532,263	\$ -	\$ 1,470,355	\$ -	\$ (3,061,908)	\$ (2,253,000)
Supporting Services	4,835,709	922,600	97,363	91,881	(3,723,865)	(3,288,639)
Total Governmental Activities	<u>\$ 9,367,972</u>	<u>\$ 922,600</u>	<u>\$ 1,567,718</u>	<u>\$ 91,881</u>	(6,785,773)	(5,541,639)
GENERAL REVENUES						
Per Pupil Revenue					5,905,260	5,298,207
Mill Levy Override					1,399,103	1,348,515
Interest					14,985	-
Unrestricted State Funding					89,322	208,945
Miscellaneous					50,422	49,418
TOTAL GENERAL REVENUES					<u>7,459,092</u>	<u>6,905,085</u>
CHANGE IN NET POSITION					673,319	1,363,446
NET POSITION, Beginning, as restated					<u>(883,997)</u>	<u>(2,247,443)</u>
NET POSTION, Ending					<u>\$ (210,678)</u>	<u>\$ (883,997)</u>

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

UNIVERSITY PREPARATORY SCHOOLS

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>GENERAL FUND</u>	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 3,702,375	\$ 2,368,899
Accounts Receivable	62,115	13,719
Grants Receivable	350,887	144,445
Inventory	32,302	41,900
Prepaid Expenditures	-	33,502
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,147,679</u>	<u>\$ 2,602,465</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 136,048	\$ 68,807
Accrued Expenses	987	1,327
Unearned Revenues	-	30,000
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>137,035</u>	<u>100,134</u>
FUND BALANCES		
Nonspendable	-	75,402
Restricted for Emergencies	249,110	222,600
Restricted for PPP Expenditures	1,012,149	-
Unassigned	2,749,385	2,204,329
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>4,010,644</u>	<u>2,502,331</u>
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	53,569	40,854
Long-term liabilities and related assets are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$2,567,096), net OPEB liability (\$207,131), deferred outflows related to pensions and OPEB \$1,544,657, and deferred inflows related to pensions and OPEB (\$2,033,172).	<u>(4,274,891)</u>	<u>(3,427,182)</u>
Net position of governmental activities	<u>\$ (210,678)</u>	<u>\$ (883,997)</u>

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

UNIVERSITY PREPARATORY SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	<u>GENERAL FUND</u>	
	<u>2020</u>	<u>2019</u>
REVENUES		
Local Sources	\$ 8,613,012	\$ 8,080,667
State and Federal Sources	<u>1,338,957</u>	<u>1,184,583</u>
TOTAL REVENUES	<u>9,951,969</u>	<u>9,265,250</u>
EXPENDITURES		
Current		
Instruction	4,581,841	4,293,199
Supporting Services	<u>4,873,964</u>	<u>4,364,118</u>
TOTAL EXPENDITURES	<u>9,455,805</u>	<u>8,657,317</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>496,164</u>	<u>607,933</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from the Issuance of Debt	<u>1,012,149</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,012,149</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,508,313	607,933
FUND BALANCES, Beginning	<u>2,502,331</u>	<u>1,894,398</u>
FUND BALANCES, Ending	<u><u>\$ 4,010,644</u></u>	<u><u>\$ 2,502,331</u></u>

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

UNIVERSITY PREPARATORY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,508,313
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This depreciation for the year.	12,715
Loan proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(1,012,149)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	<u>164,440</u>
Change in net position of governmental activities	<u><u>\$ 673,319</u></u>

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University Preparatory Schools (the “Network”) was organized pursuant to the Colorado Charter Networks Act to form and operate a charter school within the Denver Public School District (the “District”) in the State of Colorado. The Network consists of two schools. The Arapahoe Street School began classes in the 2011-2012 school year. The Steele Street School began classes in the 2016-2017 school year.

The accounting policies of the Network conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

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

Based on the application of these criteria, the Network does not include additional organizations within its reporting entity. However, the Network is a component unit of the Denver Public School District.

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 of the activities of the Network. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

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 intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Major individual governmental funds are reported in 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. 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 period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Network.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The Network reports the following major governmental fund:

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are reported at fair value.

Receivables – Receivables are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Unearned Revenues – Unearned revenues include grant funds that have been collected but the corresponding expense has not been incurred.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the Network as assets with an initial, individual cost of more than \$5,000 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. The Network has no long-term debt as of June 30, 2020.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets includes the Network's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Capital assets are shown in Note 4.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Network typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Network did not have any committed resources as of June 30, 2020.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Network has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Network did not have any committed resources as of June 30, 2020.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Network would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Compensated Absences

The Network's policy allows employees to accumulate sick leave and personal leave. However, employees are not paid for unused sick or personal leave upon termination of employment with the Network. Therefore, no amounts have been accrued for this leave in the financial statements.

Risk Management

The Network 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 Network carries commercial coverage for these risks of loss. The Network has not experienced any losses that exceeded that insured amounts in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Network's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Network management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS

Deposits

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 138
Deposits	2,820,966
Investments	<u>881,271</u>
 Total Cash and Investments	 <u>\$ 3,702,375</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the Network are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Network has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the Network had deposits with financial institutions with a carrying amount of \$2,820,966. The bank balances with the financial institutions were \$2,849,935. Of this amount, \$500,000 was covered by federal depository insurance and \$2,349,935 was covered by collateral held by authorized escrow agents in the financial institution’s name (PDPA).

Investments

Interest Rate Risk Policies

The Network does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The Network had invested \$881,271 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

The Network has no policy for managing credit risk or interest rate risk.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2020 is summarized below.

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Governmental Activities				
Capital Assets, Depreciated Improvements	\$ 46,408	\$ 15,466	\$ -	\$ 61,854
Accumulated Depreciation Improvements	(5,554)	(2,731)	-	(8,285)
Net Capital Assets	<u>\$ 40,854</u>	<u>\$ 12,715</u>	<u>\$ -</u>	<u>\$ 53,569</u>

Depreciation expense is charged to the supporting services program of the Network.

NOTE 5: LOAN PAYABLE - PPP

The Network received a loan in the amount of \$1,012,149 through the Small Business Administration’s Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. (“CARES Act”).

The full amount of this loan is expected to be forgiven during the year ended June 30, 2021, however it is classified as a long-term loan payable until the loan is forgiven. To the extent the loan amount is not forgiven under the Paycheck Protection Program of the CARES Act, the School must make equal monthly payments of principal and interest, beginning on October 15, 2020 until the maturity date, which is two years from the date of the Note. This Note may be prepaid in part or in full, at any time, without penalty.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the DPS Division are listed below.

Pensions. The School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA").

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413.

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2020: Eligible employees of, the School, and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020
Employer contribution rate	10.40%	10.40%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412 ¹	(13.60%)	(12.25%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS Division	5.78%	7.13%

¹ To conform with this presentation of contribution rates, the 2019 and 2020 annual PCOP offsets of 13.48 percent and 12.50 percent, respectively, have been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. A portion of the direct distribution allocated to the DPS Division is considered a nonemployer contribution for financial reporting purposes.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Subsequent to the DPS Division’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$268,613 for the year ended June 30, 2020.

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

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

At June 30, 2020, the School reported a liability of \$2,567,096 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity.

The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School’s proportionate share of the net pension liability	\$2,567,096
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$1,137,689
Total	\$3,704,785

At December 31, 2019, the School’s proportion was 0.3896 percent, which was an increase of 0.02064 percent from its proportion measured as of December 31, 2018.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2020, the School recognized pension income of \$223,796 and revenue of \$89,322 for support from the State as a nonemployer contributing entity. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 396,817	\$1,508
Changes of assumptions or other inputs	\$ 109,024	\$ 884
Net difference between projected and actual earnings on pension plan investments	N/A	\$ 936,959
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 873,864	\$ 1,044,071
Contributions subsequent to the measurement date	\$ 143,560	N/A
Total	\$ 1,523,265	\$ 1,983,422

\$25,440 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	(\$ 24,320)
2022	(\$ 159,565)
2023	(\$ 149,560)
2024	(\$ 270,272)

UNIVERSITY PREPARATORY SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6: 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 total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ For 2019, the annual increase was 0.00 percent.

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

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

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 6: 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 DPS Division’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 4,553,676	\$ 2,567,096	\$914,617

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

Taxable Pension Certificates of Participation (PCOPs)

The District issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. Full funding of the UALL reduced the employer contribution rate from the full funding rate of 15.75% to the normal cost rate of 4.98%. This rate is based upon actuarially determined contribution requirements, the approval and recommendation of the Plan’s Board and approval of the District’s Board of Education. The Academy contributed 9.21%, 9.54% and 9.60%, of covered payroll for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, to the District to cover its obligation relating to the PCOPs. During the fiscal years ended June 30, 2019, 2018 and 2017 the Academy made contributions totaling \$90,530, \$87,759 and \$74,069, respectively, to the District towards its PCOPs obligation.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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

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

PERA Benefit Structure

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

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

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.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit.

There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the DPS 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 DPS HCTF from the School were \$42,607 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of \$207,131 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year 2019 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2019, the School's proportion was 0.5622 percent, which was an increase of 0.00212 percent from its proportion measured as of December 31, 2018.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(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, 2020, the School recognized OPEB expense of \$12,306. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$ 34,845
Changes of assumptions or other inputs	\$ 17	N/A
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$ 9,160
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 837	\$5,745
Contributions subsequent to the measurement date	\$ 20,538	N/A
Total	\$ 21,392	\$ 49,750

\$11,032 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	(\$ 12,424)
2022	(\$ 10,069)
2023	(\$ 7,419)
2024	(\$ 9,528)
2025	(\$ 6,110)
Thereafter	(\$ 3,346)

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(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, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

The 2019 Medicare Part A premium is \$437 per month.

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

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

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

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

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(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, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions for the determination of the total pension liability for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

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

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

UNIVERSITY PREPARATORY SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(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 the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 207,186	\$ 207,131	\$ 207,176

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

UNIVERSITY PREPARATORY SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
 (Continued)

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

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

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

Sensitivity of the School’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 244,844	\$ 207,131	\$ 174,940

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

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 8: COMMITMENTS AND CONTINGENCIES

Facilities Use Agreement

The Network entered into a Facilities Use Agreement with the District for their buildings. The Network and the District amended the Facilities Use Agreement beginning July 7, 2013. The amended agreement calculates the annual Facilities Use Fee based on number of enrolled students. The new agreement's expiration date is concurrent with the Academy's charter agreement. Total rent expense for the year ended June 30, 2020 for this lease was \$507,628.

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Academy believes it has complied with the Amendment.

As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2020, the reserve of \$249,110 was recorded as a reservation of fund balance in the General Fund. The Academy has designated their deposits and prepaids as assets to cover this reserve.

NOTE 9: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position in the amount of \$210,678 due to the Academy including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

UNIVERSITY PREPARATORY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through November 2, 2020. It was determined that the following event is required to be disclosed through this date.

Covid-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the School. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY PREPARATORY SCHOOLS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 6,211,869	\$ 5,905,260	\$ (306,609)	\$ 5,298,207
Mill Levy Override	1,417,171	1,399,103	(18,068)	1,348,515
Management Fees	980,000	922,600	(57,400)	694,050
Grants and Donations	330,000	320,642	(9,358)	547,701
Interest		14,985		
Other	76,596	50,422	(26,174)	192,194
State and Federal Sources				
Grants and Donations	967,261	1,338,957	371,696	1,184,583
TOTAL REVENUES	<u>9,982,897</u>	<u>9,951,969</u>	<u>(45,913)</u>	<u>9,265,250</u>
EXPENDITURES				
Instruction				
Salaries	2,995,691	2,797,717	197,974	2,833,566
Employee Benefits	858,836	808,410	50,426	794,575
Purchased Services	386,137	391,747	(5,610)	268,620
Supplies and Materials	297,252	411,539	(114,287)	310,624
Property	104,800	172,428	(67,628)	85,814
Total Instruction	<u>4,642,716</u>	<u>4,581,841</u>	<u>60,875</u>	<u>4,293,199</u>
Supporting Services				
Salaries	1,528,731	1,463,738	64,993	1,387,226
Employee Benefits	464,206	397,578	66,628	368,977
Purchased Services	2,812,842	2,638,919	173,923	2,439,007
Supplies and Materials	231,001	258,624	(27,623)	144,883
Property	10,769	16,747	(5,978)	19,198
Other	292,632	98,358	194,274	4,827
Total Supporting Services	<u>5,340,181</u>	<u>4,873,964</u>	<u>466,217</u>	<u>4,364,118</u>
TOTAL EXPENDITURES	<u>9,982,897</u>	<u>9,455,805</u>	<u>527,092</u>	<u>8,657,317</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>496,164</u>	<u>496,164</u>	<u>607,933</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	<u>-</u>	<u>1,012,149</u>	<u>1,012,149</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,012,149</u>	<u>1,012,149</u>	<u>-</u>
CHANGE IN FUND BALANCES	<u>-</u>	<u>1,508,313</u>	<u>1,508,313</u>	<u>607,933</u>
FUND BALANCE, Beginning	<u>82,822</u>	<u>2,502,331</u>	<u>2,419,509</u>	<u>1,894,398</u>
FUND BALANCE, Ending	<u>\$ 82,822</u>	<u>\$ 4,010,644</u>	<u>\$ 3,927,822</u>	<u>\$ 2,502,331</u>

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>
Schools' proportionate share of the Net Pension Liability	0.1875%	0.2329%	0.3250%	0.5885%	0.5734%	0.3690%	0.3896%
Schools' proportionate share of the Net Pension Liability	\$ 974,994	\$ 1,454,407	\$ 2,705,031	\$ 6,447,369	\$ 5,140,122	\$ 3,774,472	\$ 2,567,096
Schools' covered-employee payroll	\$ 1,022,370	\$ 1,243,182	\$ 2,450,254	\$ 2,940,143	\$ 3,886,252	\$ 4,085,294	\$ 4,177,103
Schools' proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	95.4%	117.0%	110.4%	219.3%	132.3%	92.4%	61.5%
Plan fiduciary net position as a percentage of the total pension liability	86.3%	83.9%	79.3%	74.1%	79.5%	75.7%	84.7%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
Statutorily required contributions	\$ 56,153	\$ 71,507	\$ 72,890	\$ 153,284	\$ 184,200	\$ 183,626	\$ 268,613
Contributions in relation to the Statutorily required contributions	<u>56,153</u>	<u>71,507</u>	<u>72,890</u>	<u>153,284</u>	<u>184,200</u>	<u>183,626</u>	<u>268,613</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Schools' covered payroll	\$ 1,146,934	\$ 1,481,803	\$ 2,450,254	\$ 3,521,844	\$ 4,098,045	\$ 3,886,252	\$ 4,177,104
Contributions as a percentage of covered-employee payroll	4.90%	4.83%	2.97%	4.35%	4.49%	4.73%	6.43%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' PROPORTIONATE SHARE
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Schools' proportionate share of the Net OPEB Liability	0.5886%	0.5718%	0.5602%	0.5623%
Schools' proportionate share of the Net OPEB Liability	\$ 320,819	\$ 291,393	\$ 253,022	\$ 207,131
Schools' covered-employee payroll	\$ 2,940,143	\$ 3,886,252	\$ 4,085,294	\$ 4,085,294
Schools' proportionate share of the Net OPEB Liability as a percentage of its covered-employee payroll	10.9%	7.5%	6.2%	5.1%
Plan fiduciary net position as a percentage of the total OPEB liability	25.2%	30.5%	34.7%	47.0%

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

SCHEDULE OF THE SCHOOLS' CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	\$ 35,923	\$ 41,800	\$ 41,670	\$ 42,607
Contributions in relation to the Statutorily required contributions	<u>35,923</u>	<u>41,800</u>	<u>41,670</u>	<u>42,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Schools' covered payroll	\$ 3,521,844	\$ 4,098,045	\$ 4,085,294	\$ 4,177,104
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

UNIVERSITY PREPARATORY SCHOOLS

COMBINING BALANCE SHEET

June 30, 2020

	HOME OFFICE	ARAPAHOE ST. SCHOOL	STEELE ST. SCHOOL	TOTAL	
				2020	2019
ASSETS					
Cash	\$ 279,222	\$ 1,403,535	\$ 2,019,618	\$ 3,702,375	\$ 2,368,899
Accounts Receivable	43,505	10,977	7,633	62,115	13,719
Grants Receivable	-	297,648	53,239	350,887	144,445
Inventory	-	17,180	15,122	32,302	41,900
Prepaid Expenditures	-	-	-	-	33,502
TOTAL ASSETS	\$ 322,727	\$ 1,729,340	\$ 2,095,612	\$ 4,147,679	\$ 2,602,465
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 40,590	\$ 55,213	\$ 40,245	\$ 136,048	\$ 68,807
Accrued Expenses	-	895	92	987	1,327
Unearned Revenues	-	-	-	-	30,000
TOTAL LIABILITIES	40,590	56,108	40,337	137,035	100,134
FUND BALANCES					
Nonspendable	-	-	-	-	75,402
Restricted for Emergencies	28,000	109,500	111,610	249,110	222,600
Restricted for PPP Expenditures	142,759	496,300	373,090	1,012,149	-
Unassigned	111,378	1,067,432	1,570,575	2,749,385	2,204,329
TOTAL FUND BALANCES	282,137	1,673,232	2,055,275	4,010,644	2,502,331
TOTAL LIABILITIES AND FUND BALANCES	\$ 322,727	\$ 1,729,340	\$ 2,095,612	\$ 4,147,679	\$ 2,602,465

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2020

	HOME OFFICE	ARAPAHOE ST. SCHOOL	STEELE ST. SCHOOL	TOTAL	
				2020	2018
REVENUES					
Local Sources	\$ 1,120,984	\$ 3,674,301	\$ 3,817,727	\$ 8,613,012	\$ 8,080,667
State and Federal Sources	15,863	883,638	439,456	1,338,957	1,184,583
TOTAL REVENUES	<u>1,136,847</u>	<u>4,557,939</u>	<u>4,257,183</u>	<u>9,951,969</u>	<u>9,265,250</u>
EXPENDITURES					
Current					
Instruction	-	2,578,367	2,003,474	4,581,841	4,293,199
Supporting Services	<u>1,144,046</u>	<u>1,909,638</u>	<u>1,820,280</u>	<u>4,873,964</u>	<u>4,364,118</u>
TOTAL EXPENDITURES	<u>1,144,046</u>	<u>4,488,005</u>	<u>3,823,754</u>	<u>9,455,805</u>	<u>8,657,317</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,199)</u>	<u>69,934</u>	<u>433,429</u>	<u>496,164</u>	<u>607,933</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the Issuance of Debt	<u>142,759</u>	<u>496,300</u>	<u>373,090</u>	<u>1,012,149</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>142,759</u>	<u>496,300</u>	<u>373,090</u>	<u>1,012,149</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	135,560	566,234	806,519	1,508,313	607,933
FUND BALANCES, Beginning	<u>146,577</u>	<u>1,106,998</u>	<u>1,248,756</u>	<u>2,502,331</u>	<u>1,894,398</u>
FUND BALANCES, Ending	<u>\$ 282,137</u>	<u>\$ 1,673,232</u>	<u>\$ 2,055,275</u>	<u>\$ 4,010,644</u>	<u>\$ 2,502,331</u>

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

HOME OFFICE
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Management Fees	\$ 980,000	\$ 922,600	\$ (57,400)	\$ 694,050
Grants and Donations	280,000	198,138	(81,862)	319,529
Interest	-	44	44	-
Other	-	202	202	1,016
Federal Sources				
Grants and Donations	70,000	15,863	(54,137)	148,979
 TOTAL REVENUES	 1,330,000	 1,136,847	 (193,153)	 1,163,574
EXPENDITURES				
Supporting Services				
Salaries	763,875	559,380	204,495	672,671
Employee Benefits	207,086	149,798	57,288	175,609
Purchased Services	304,397	314,684	(10,287)	186,286
Supplies and Materials	13,088	28,059	(14,971)	5,802
Property	1,576	-	1,576	1,831
Other	39,978	92,125	(52,147)	1,019
 TOTAL EXPENDITURES	 1,330,000	 1,144,046	 185,954	 1,043,218
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 (7,199)	 (7,199)	 120,356
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	-	142,759	142,759	-
 NET CHANGE IN FUND BALANCES	 -	 135,560	 135,560	 120,356
FUND BALANCE, Beginning	82,822	146,577	63,755	26,221
FUND BALANCE, Ending	\$ 82,822	\$ 282,137	\$ 199,315	\$ 146,577

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

ARAPAHOE STREET SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 3,095,256	\$ 2,945,156	\$ (150,100)	\$ 2,801,343
Mill Levy Override	696,191	665,753	(30,438)	712,378
Grants and Donations	25,000	25,140	140	52,339
Interest	-	6,912	6,912	-
Other	31,778	31,340	(438)	160,106
State and Federal Sources				
Grants and Donations	573,046	883,638	310,592	736,588
TOTAL REVENUES	4,421,271	4,557,939	136,668	4,462,754
EXPENDITURES				
Instruction				
Salaries	1,456,961	1,576,478	(119,517)	1,629,834
Employee Benefits	460,424	455,484	4,940	456,545
Purchased Services	150,397	206,017	(55,620)	127,236
Supplies and Materials	154,455	226,823	(72,368)	178,358
Property		113,565	(113,565)	50,160
Total Instruction	2,222,237	2,578,367	(356,130)	2,442,133
Supporting Services				
Salaries	519,386	456,463	62,923	437,519
Employee Benefits	153,712	131,393	22,319	118,151
Purchased Services	1,296,299	1,211,756	84,543	1,257,415
Supplies and Materials	123,273	99,501	23,772	62,974
Property	-	7,650	(7,650)	2,023
Other	106,364	2,875	103,489	2,951
Total Supporting Services	2,199,034	1,909,638	289,396	1,881,033
TOTAL EXPENDITURES	4,421,271	4,488,005	(66,734)	4,323,166
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	69,934	69,934	139,588
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	-	496,300	496,300	-
CHANGE IN FUND BALANCES	-	566,234	566,234	139,588
FUND BALANCE, Beginning		1,106,998	1,106,998	967,410
FUND BALANCE, Ending	\$ -	\$ 1,673,232	\$ 1,673,232	\$ 1,106,998

See the accompanying independent auditors' report.

UNIVERSITY PREPARATORY SCHOOLS

STEELE STREET SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2020

	2020		VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGIAN AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 3,116,613	\$ 2,960,104	\$ (156,509)	\$ 2,496,864
Mill Levy Override	720,980	733,350	12,370	636,137
Grants and Donations	25,000	97,364	72,364	175,833
Interest	-	8,029		
Other	44,818	18,880	(25,938)	31,072
State and Federal Sources				
Grants and Donations	324,215	439,456	115,241	299,016
TOTAL REVENUES	4,231,626	4,257,183	17,528	3,638,922
EXPENDITURES				
Instruction				
Salaries	1,538,730	1,221,239	317,491	1,203,732
Employee Benefits	398,412	352,926	45,486	338,030
Purchased Services	235,740	185,730	50,010	141,384
Supplies and Materials	142,797	184,716	(41,919)	132,266
Property	104,800	58,863	45,937	35,654
Total Instruction	2,420,479	2,003,474	417,005	1,851,066
Supporting Services				
Salaries	245,470	447,895	(202,425)	277,036
Employee Benefits	103,408	116,387	(12,979)	75,217
Purchased Services	1,212,146	1,112,479	99,667	995,306
Supplies and Materials	94,640	131,064	(36,424)	76,107
Property	9,193	9,097	96	15,344
Other	146,290	3,358	142,932	857
Total Supporting Services	1,811,147	1,820,280	(9,133)	1,439,867
TOTAL EXPENDITURES	4,231,626	3,823,754	407,872	3,290,933
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	433,429	433,429	347,989
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	-	373,090	373,090	-
CHANGE IN FUND BALANCES	-	806,519	806,519	347,989
FUND BALANCE, Beginning		1,248,756	1,248,756	900,767
FUND BALANCE, Ending	\$ -	\$ 2,055,275	\$ 2,055,275	\$ 1,248,756

See the accompanying independent auditors' report.