Compass Academy

(A Component Unit of Denver Public Schools)

Financial Statements

June 30, 2022

HINKLE & COMPANY PC

Strategic Business Advisors

Compass Academy
(A Component Unit of Denver Public Schools)
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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
Compass Academy
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Compass Academy, a component unit of Denver Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Compass Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Compass Academy, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Compass Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Compass Academy's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass Academy's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Compass Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Compass Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents, such as management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Hinkle & Company, PC

Englewood, Colorado
October 19, 2022

Compass Academy

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2022

As management of Compass Academy (Compass or the School), we offer readers of Compass Academy's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The year ended June 30, 2022 is the seventh year of operations for Compass. As of June 30, 2022, net position increased by $1,193,960 to $1,566,557. Compass Academy's governmental fund reported an ending fund balance of $2,566,505, an increase of $149,222 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $2,745,252.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

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

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2022, Compass's net position was $1,566,557. This position includes a net pension liability in the amount of $11,556, representing the School's proportionate share of the Denver Public Schools Division pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $26,106, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, **$4,775** is invested in capital assets and $118,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

	2021-2022	2020-2021
ASSETS		
Cash	$ 2,518,847	$ 2,315,214
Grants Receivable	232,865	319,958
Prepaid Expenses	11,403	-
Capital Assets, being depreciated	4,775	-
TOTAL ASSETS	2,767,890	2,635,172
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	580,812	872,823
OPEB, Net of Accumulated Amortization	41,304	46,999
TOTAL DEFERRED OUTFLOWS OF RESOURCES	622,116	919,822
LIABILITIES		
Accounts Payable	38,333	63,735
Accrued Liabilities	1,673	1,186
Accrued Salaries and Benefits	151,604	123,416
Unearned Revenues	5,000	29,552
Noncurrent Liabilities		
Due Within One Year	-	225,803
Due in More Than One Year	-	281,797
Net Pension Liability	11,556	1,128,339
Net OPEB Liability	26,106	57,413
TOTAL LIABILITIES	234,272	1,911,241
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,543,767	1,227,873
OPEB, Net of Accumulated Amortization	45,410	43,283
TOTAL DEFERRED INFLOWS OF RESOURCES	1,589,177	1,271,156
NET POSITION		
Restricted for Emergencies	118,000	105,000
Unrestricted	1,448,557	267,597
TOTAL NET POSITION	$ 1,566,557	$ 372,597

Compass Academy's Net Position

Compass Academy

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2022

Compass Academy's Change in Net Position

	2021-2022	2020-2021
REVENUES		
Per Pupil Revenue	$ 2,745,252	$ 2,484,157
Additional At-Risk	22,692	3,969
Mill Levy Override	711,755	690,476
Capital Construction	38,918	43,115
Charges for Services	10,591	-
Operating Grants and Contributions	916,660	854,204
Investment Income	289	226
Other	32,771	972
Forgiveness of Forgivable Loan	507,600	507,600
TOTAL REVENUE	4,986,528	4,584,719
EXPENSES		
Instruction	2,049,669	1,952,845
Support Services	1,742,899	1,886,833
TOTAL EXPENSES	3,792,568	3,839,678
CHANGE IN NET POSITION	1,193,960	745,041
NET POSITION, Beginning	372,597	(372,444)
NET POSITION, Ending	$ 1,566,557	$ 372,597

Financial Analysis of the Government's Fund

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

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $2,566,505, an increase of $149,222 from the prior year.

General Fund Budgetary Highlights

Compass recognized $150,668 more revenue than expected and spent $80,635 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and funding assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets for equipment in support of the School's educational program. More information regarding capital assets may be found in Note 3 to the financial statements. Depreciation expenses for capital assets are booked under the Supporting Services program of the School's operations.

The School had a loan payable to the U.S. Small Business Administration (SBA) from the Paycheck Protection Program (PPP). During FY 2020-2021 the school applied for loan forgiveness for the loan. In July 2021, the loan was forgiven.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Compass Academy is student enrollment. Enrollment for the 2021-2022 school year was 283.00 funded students. Enrollment projected for 2022-2023 is 260.00 funded students. This factor was considered when preparing Compass's budget for 2022-2023.

Requests for Information

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

Compass Academy
2285 S. Federal Blvd.
Denver, CO 80219

Basic Financial Statements

Compass Academy

(A Component Unit of Denver Public Schools)

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash	$ 2,518,847
Grants Receivable	232,865
Prepaid Expenses	11,403
Capital Assets, *being depreciated*	4,775
Total Assets	2,767,890
Deferred Outflows of Resources	
Pensions, *Net of Accumulated Amortization*	580,812
OPEB, *Net of Accumulated Amortization*	41,304
Total Deferred Outflows of Resources	622,116
Liabilities	
Accounts Payable	38,333
Accrued Liabilities	1,673
Accrued Salaries and Benefits	151,604
Unearned Revenues	5,000
Noncurrent Liabilities	
Net Pension Liability	11,556
Net OPEB Liability	26,106
Total Liabilities	234,272
Deferred Inflows of Resources	
Pensions, *Net of Accumulated Amortization*	1,543,767
OPEB, *Net of Accumulated Amortization*	45,410
Total Deferred Inflows of Resources	1,589,177
Net Position	
Restricted for Emergencies	118,000
Unrestricted	1,448,557
Total Net Position	$ 1,566,557

Compass Academy

(A Component Unit of Denver Public Schools)

Statement of Activities

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 2,049,669	$ 10,591	$ 962,696	$ (1,076,382)
Supporting Services	1,742,899	-	(46,036)	(1,788,935)
Total Governmental Activities	$ 3,792,568	$ 10,591	$ 916,660	(2,865,317)
	General Revenues			
	Per Pupil Revenue			2,745,252
	Additional At-Risk Funding			22,692
	District Mill Levy			711,755
	Capital Construction			38,918
	Investment Income			289
	Other Revenue			32,771
	Forgiveness of Forgivable Loan			507,600
	Total General Revenues			4,059,277
	Change in Net Position			1,193,960
	Net Position, *Beginning of year*			372,597
	Net Position, *End of year*			$ 1,566,557

Compass Academy

(A Component Unit of Denver Public Schools)
Balance Sheet
Governmental Fund
June 30, 2022

		General
Assets		
Cash	$	2,518,847
Grants Receivable		232,865
Prepaid Expenses		11,403
Total Assets	$	2,763,115
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	38,333
Accrued Liabilities		1,673
Accrued Salaries and Benefits		151,604
Unearned Revenues		5,000
Total Liabilities		196,610
Fund Balance		
Nonspendable Prepaid Expenditures		11,403
Restricted for Emergencies		
Emergencies		118,000
Unrestricted, Unassigned		2,437,102
Total Fund Balance		2,566,505
Total Liabilities and Fund Balance	$	2,763,115

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

Total Fund Balance of the Governmental Fund	$	2,566,505
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		4,775
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Forgivable Loan		-
Net pension liability		(11,556)
Pension-related deferred outflows of resources		580,812
Pension-related deferred inflows of resources		(1,543,767)
Net OPEB liability		(26,106)
OPEB-related deferred outflows of resources		41,304
OPEB-related deferred inflows of resources		(45,410)
Total Net Position of Governmental Activities	$	1,566,557

Compass Academy
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022

	General
Revenues	
Local Sources	$ 977,948
State Sources	3,105,022
Federal Sources	659,437
Total Revenues	4,742,407
Expenditures	
Instruction	2,479,423
Supporting Services	2,113,762
Total Expenditures	4,593,185
Net Change in Fund Balance	149,222
Fund Balance, *Beginning of year*	2,417,283
Fund Balance, *End of year*	$ 2,566,505

See Notes to the Financial Statements.

Compass Academy

(A Component Unit of Denver Public Schools)

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

For the Year Ended June 30, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balance of the Governmental Fund	$	149,222
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlay		5,510
Depreciation expense		(735)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.		
Proceeds from Forgivable Loan		-
Forgiveness of Forgivable Loan		507,600
Net pension liability		1,116,783
Pension-related deferred outflows of resources		(292,011)
Pension-related deferred inflows of resources		(315,894)
Net OPEB liability		31,307
OPEB-related deferred outflows of resources		(5,695)
OPEB-related deferred inflows of resources		(2,127)
Change in Net Position of Governmental Activities	$	1,193,960

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Compass Academy (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Denver Public Schools (the District). The School began classes in the Fall of 2015.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the School's more significant policies.

Reporting Entity

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

The School is a component unit of the District. The School's charter is authorized by the District and the majority of the School's funding is provided by the 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 activities of the School. Governmental activities, which normally are supported by taxes and 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 revenues not properly included among program revenues are reported instead as *general revenues*.

Major individual funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

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 year or soon thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 120 days of the end of the current year. Intergovernmental revenues, grants and interest income associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

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

Assets, Liabilities and Net Position/Fund Balance

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future fiscal years and are reported as prepaid expenses.

Capital Assets - Capital assets are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Capital assets are depreciated using the straight-line method over the estimated useful lives, as follows:

Equipment	5 year

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

Unearned Revenues - Unearned revenues include grants received before eligibility requirements established by the provider have been met.

Compensated Absences - Employees of the School are allowed to accumulate unused personal leave to a maximum of 10 days. The School does not reimburse or otherwise compensate terminated employees for any unused personal leave. Therefore, no liability is reported in the financial statements for these compensated absences.

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 (FNP), and additions to/deductions from the FNP of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Note 1: Summary of Significant Accounting Policies (Continued)

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

OPEB - The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to and deductions from the FNP of the 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.

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

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

Risk Management

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

Subsequent Events

The School has evaluated subsequent events through October 19, 2022, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local governments to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2022, the School had bank deposits of $2,065,117 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the School may invest in a single issuer, except for corporate securities.

The School had no investments at June 30, 2022.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2022, is summarized below. Depreciation and amortization are combined in the following table.

Governmental Activities	**Balance 06/30/21**	**Additions**	**Deletions**	**Balance 06/30/22**
Capital Assets, B*eing Depreciated*				
Equipment	$ 30,239	$ 5,510	$ -	$ 35,749
Less: Accumulated Depreciation				
Equipment	(30,239)	(735)	-	(30,974)
Governmental Activities Capital Assets, *net*	$ -	$ 4,775	$ -	$ 4,775

Depreciation and amortization expense were charged to the supporting services program of the School.

Note 4: Long-Term Debt

Following is a summary of the long-term debt transactions for the year ended June 30, 2022

Governmental Activities	**Balance 6/30/21**	**Additions**	**Deletions**	**Balance 6/30/22**	**Due Within One Year**
PPP Loan	$ 507,600	$ -	$ (507,600)	$ -	$ -

On April 2020, the School obtained a loan from a local bank under the Paycheck Protection Plan (PPP) program administered by the Small Business Administration (SBA) in the amount of $507,600. The terms of the loan require the School to begin repayment on November 1, 2020 with payments of $28,566, including interest at 1%. Subsequent to the date of the loan, the SBA made revisions to the PPP Program that allowed modifications to some of the terms that would allow a borrower to extend the repayment term. On February 18, 2021, the School obtained the second round of the PPP loan for $507,600 with an interest rate of 1%.

The School filed an application under SBA guidance for forgiveness for the entire amount of the indebtedness for both rounds. The first round was forgiven on January 15, 2021 and the second round subsequent to year-end on July 29, 2021.

Note 5: Defined Benefit Pension Plan

General Information

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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of June 30, 2022 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is 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% 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% and then multiplied by years of service credit.
- The value of the retiring employee’s contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors.

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information (*Continued)*

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

Contribution provisions as of June 30, 2022 - 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 10.00 percent of their PERA-includable salary period of July 01, 2021 through June 30, 2022. The School's contribution rate was 20.90% of covered salaries for July 01, 2021 through June 30, 2022. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). In addition, the portion of employer contributions allocated to PCOP offset as specified in C.R.S. § 24-51-412 was 12.75% from July 01, 2021 through December 31, 2021, and 12.09% from January 1, 2022 through June 30, 2022. Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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 $185,108, for the year ended June 30, 2022.

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution 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. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The School proportion of the net pension liability was based on School contributions to the DPS Division for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a net pension liability of $11,556, for its proportionate share of the net pension liability that reflected an increase 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:

School's proportionate share of net pension liability	$	14,949
Liability as a nonemployer contributing entity associated		(3,393)
Proportionate share of the net pension liability	$	11,556

At December 31, 2021, the School's proportion was 0.1935377530%, which was an increase of 0.0572521441% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the School recognized pension benefit of $382,207 which includes $100,147 of support from the State as a nonemployer contributing entity..

Note 5: Defined Benefit Pension Plan (Continued)

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

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 98,670	$ -
Changes of assumptions and other inputs	120,485	-
Net difference between projected and actual earnings on plan investments	-	1,129,147
Changes in proportion	245,004	414,620
Contributions subsequent to the measurement date	116,653	-
Total	$ 580,812	$ 1,543,767

$116,653 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2023	$ (223,900)
2024	(372,043)
2025	(347,472)
2026	(136,193)
Total	$ (1,079,608)

Actuarial Assumptions - The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs.

Note 5: Defined Benefit Pension Plan (Continued)

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

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by the AIR

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2021.

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

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

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

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

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the December 31, 2020, valuations were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were adopted by the PERA Board during the November 20, 2020, 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 the Experience Study report dated October 28, 2020.

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), 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.

Note 5: Defined Benefit Pension Plan (Continued)

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

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.25% to 1.00% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, DPS Division's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate index, and therefore, the discount rate is 7.25%. 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 School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,114,199	$ 11,556	$ (898,869)

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

Note 6: Pension Certificates of Participation

Beginning in 2008, the District issued Taxable Pension Certificates of Participation (PCOPs) to fund the liabilities of the DPSD (See Note 5). For the year ended June 30, 2022, the School contributed 9.6% of covered salaries, totaling $215,742, to the District to cover its obligation relating to the PCOPs.

Note 7: Postemployment Healthcare Benefits

General Information

Plan Description - Eligible employees of the School are provided with postemployment benefits other than pensions (OPEB) through the DPS HCTF — a single-employer defined benefit OPEB fund 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, and 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

Note 7: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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 DPS HCTF or the HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% 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 DPS HCTF or the 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% of PERA-includable salary into the DPS HCTF.

Note 7: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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 $22,923 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a net OPEB liability of $26,106, representing its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year ended December 31, 2021, relative to the total contributions of all participating employers to the DPS HCTF.

At December 31, 2021, the School's proportion was 0.2481820004%, which was a decrease of 0.0026174831% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of $4,756. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 23,696
Changes of assumptions and other inputs	4	3,172
Net difference between projected and actual earnings on plan investments	-	14,142
Changes in proportion	27,560	4,400
Contributions subsequent to the measurement date	13,740	-
Total	$ 41,304	$ 45,410

Note 7: Postemployment Healthcare Benefits (Continued)

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

$13,740 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2023	$ (1,112)
2024	(2,408)
2025	(3,065)
2026	(5,547)
2027	(4,075)
Thereafter	(1,639)
Total	$ (17,846)

Actuarial Assumptions - The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	1.0%
PERACare Medicare plans:	
4.50% for 2021, 6.0% in 2022, gradually decreasing to 4.50% in 2029	
Medicare Part A premiums:	
3.75% for 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:	
Service-based premium subsidy	0.0%
PERACare Medicare plans:	N/A
Medicare Part A premiums:	N/A

Note 7: Postemployment Healthcare Benefits (Continued)

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

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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure for initial costs for Medicare without Medicare Part A:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of $633, Monthly Premium of $230, Monthly Costs Adjusted to Age 65 of $591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of $596, Monthly Premium of $199, Monthly Costs Adjusted to Age 65 of $562.

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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 used to measure the TOL are summarized in the table below:

Note 7: Postemployment Healthcare Benefits (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability used in the December 31, 2020, valuation for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

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

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

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

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

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

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

Note 7: Postemployment Healthcare Benefits (Continued)

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

- 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 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by PERA's Board during the November 20, 2020, 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 the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 5).

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

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

Note 7: Postemployment Healthcare Benefits (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the DPS HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 41,799	$ 26,106	$ 12,724

Sensitivity of the School's proportionate share of the net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 5.5%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

Note 7: Postemployment Healthcare Benefits (Continued)

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 26,104	$ 26,106	$ 26,111

OPEB plan fiduciary net position - Detailed information about the DPS HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2022, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2022, the reserve was reported as restricted fund balance in the General Fund, in the amount of $118,000.

Facility Use Agreement

The School approved a facility use agreement with the District to utilize educational facilities owned by the District. For the year ended June 30, 2022, the School paid facility use fees of $770 per student, which total $231,090.

Note 8: Commitments and Contingencies

Current Economic Conditions

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

Required Supplementary Information

Compass Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Division Trust Fund
June 30, 2022

	12/31/21	12/31/20	12/31/19
Proportionate Share of the Net Pension Liability			
School's Proportion of the Net Pension Liability	0.1935377530%	0.2507898971%	0.1900398390%
Net Pension Liability			
Academy's Proportionate Share	$ 11,556	$ 1,128,339	$ 1,252,066
State's Proportionate Share	3,393	-	554,889
Net Proportionate Share	$ 14,949	$ 1,128,339	$ 1,806,955
School's Covered-Employee Payroll	$ 2,096,691	$ 1,974,994	$ 2,047,943
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	1%	57%	61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100%	90%	85%

	6/30/22	6/30/21	6/30/20
School Contributions			
Statutorily Required Contribution	$ 185,108	$ 146,897	$ 127,712
Contributions in Relation to the Statutorily Required Contribution	(185,108)	(146,897)	(127,712)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 2,247,312	$ 1,968,813	$ 1,977,345
Contributions as a Percentage of Covered Payroll	8.24%	7.46%	6.46%

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

(Continued)

Compass Academy

(A Component Unit of Denver Public Schools)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Public Employees' Retirement Association of Colorado

Denver Public Schools Division Trust Fund

June 30, 2022

(Continued)

	12/31/18	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Liability				
School's Proportion of the Net Pension Liability	0.1770018951%	0.2123690019%	0.1419521123%	0.1090368165%
Net Pension Liability				
Academy's Proportionate Share	$ 1,810,554	$ 1,903,909	$ 1,555,046	$ 887,053
State's Proportionate Share	938,038	-	-	-
Net Pension Liability	$ 2,748,592	$ 1,903,909	$ 1,555,046	$ 887,053
School's Covered-Employee Payroll	$ 1,951,132	$ 1,437,301	$ 937,963	$ 341,143
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	141%	132%	166%	260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%	80%	74%	79%

	6/30/19	6/30/18	6/30/17	6/30/16
School Contributions				
Statutorily Required Contribution	$ 62,060	$ 77,346	$ 40,740	$ 14,592
Contributions in Relation to the Statutorily Required Contribution	(62,060)	(77,346)	(40,740)	(14,592)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 2,109,107	$ 1,700,234	$ 1,202,291	$ 725,438
Contributions as a Percentage of Covered Payroll	2.94%	4.55%	3.39%	2.01%

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

Compass Academy

(A Component Unit of Denver Public Schools)

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Health Care Trust Fund
June 30, 2022

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability					
School's Proportion of the Net OPEB Liability	0.2481820004%	0.2507994835%	0.2742513415%	0.2687029788%	0.2114831230%
School's Proportionate Share of the Net OPEB Liability	$ 26,106	$ 57,413	$ 101,026	$ 121,373	$ 107,770
School's Covered Payroll	$ 2,096,691	$ 2,047,943	$ 2,047,943	$ 1,951,132	$ 1,512,483
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	1%	3%	5%	6%	7%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	84%	65%	47%	35%	30%

	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
School Contributions					
Statutorily Required Contribution	$ 22,923	$ 20,082	$ 20,169	$ 21,513	$ 17,342
Contributions in Relation to the Statutorily Required Contribution	(22,923)	(20,082)	(20,169)	(21,513)	(17,342)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,247,312	$ 1,968,813	$ 1,977,345	$ 2,109,107	$ 1,787,751
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	0.97%

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

Compass Academy

(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
District Mill Levy	$ 678,163	$ 678,482	$ 711,755	$ 33,273
Grants	45,000	239,552	255,313	15,761
Investment Income	-	-	289	289
Other	27,695	31,000	10,591	(20,409)
Total Local Sources	750,858	949,034	977,948	28,914
State Sources				
Per Pupil Revenue	2,686,125	2,744,468	2,745,252	784
Additional At-Risk Funding			22,692	22,692
Capital Construction	41,610	41,464	38,918	(2,546)
Grants	80,378	182,788	298,160	115,372
Total State Sources	2,808,113	2,968,720	3,105,022	136,302
Federal Sources				
Grants	638,413	673,985	659,437	(14,548)
Total Revenues	4,197,384	4,591,739	4,742,407	150,668
Expenditures				
Salaries	2,314,319	2,422,903	2,427,475	(4,572)
Benefits	645,007	681,188	744,102	(62,914)
Purchased Services	1,235,646	1,333,056	1,271,813	61,243
Supplies and Materials	129,489	123,751	107,039	16,712
Property	34,871	34,871	37,224	(2,353)
Other	74,522	78,051	5,532	72,519
Total Expenditures	4,433,854	4,673,820	4,593,185	80,635
Excess Revenues Over Expenditures	(236,470)	(82,081)	149,222	231,303
Other Financing Sources (Uses)				
Proceeds from Forgivable Loan	-	-	-	-
Net Change in Fund Balance	(236,470)	(82,081)	149,222	231,303
Fund Balance, *Beginning of year*	2,091,178	2,417,283	2,417,283	-
Fund Balance, *End of year*	$ 1,854,708	$ 2,335,202	$ 2,566,505	$ 231,303

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2021. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% from the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

All appropriations lapse at fiscal year-end.