Parker Performing Arts School

(A Component Unit of Douglas County School District RE. 1)

Financial Statements

with Independent Auditor's Report

June 30, 2023

HINKLE & COMPANY PC

Strategic Business Advisors

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

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June 30, 2023

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
Parker Performing Arts School
Parker, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parker Performing Arts School (the School), a component unit of Douglas County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

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 School as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 the School 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

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

Hinkle & Company, PC

Englewood, Colorado
October 30, 2023

Parker Performing Arts School

Management's Discussion and Analysis
June 30, 2023

As management of Parker Performing Arts School (PPA or the School), we offer readers of Parker Performing Arts School's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. 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, 2023 is the seventh year of operations for PPA. As of June 30, 2023, net position increased by $279,252 to $(8,529,860). Parker Performing Arts School's governmental funds reported an ending fund balance of $1,897,790, an increase of $160,720 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 $5,938,777.

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 (Douglas County School District). The governmental activities of PPA include instruction and supporting services.

Fund Financial Statements

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

Governmental Funds

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

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

The School maintains two governmental funds and adopts an annually appropriated budget for the funds. 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, 2023, PPA's net position was $(8,529,860). This position includes a net pension liability in the amount of $7,889,172, representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $268,816, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, $(2,796,674) is invested in capital assets and $229,200 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Parker Performing Arts School's Net Position

	2022-2023	2021-2022
ASSETS		
Cash	$ 2,279,988	$ 1,907,293
Restricted Cash and Investments	163,101	231,125
Accounts Receivable	-	74,217
Prepaid Expenses	81,404	8,246
Capital Assets, Net of Accumulated Depreciation	16,998,673	17,100,940
TOTAL ASSETS	19,523,166	19,321,821
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	2,176,752	1,679,657
OPEB, Net of Accumulated Amortization	42,328	48,029
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,219,080	1,727,686
LIABILITIES		
Accounts Payable	291,835	83,664
Accrued Salaries and Benefits	334,868	356,012
Accrued Interest Payable	53,737	53,737
Deferred Income	-	44,135
Noncurrent Liabilities		
Due Within One Year	127,183	-
Long Term Liabilities	19,668,164	19,486,660
Net Pension Liability	7,889,172	6,151,438
Net OPEB Liability	268,816	297,608
TOTAL LIABILITIES	28,633,775	26,473,254
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	1,519,551	3,257,896
OPEB, Net of Accumulated Amortization	118,780	127,469
TOTAL DEFERRED INFLOWS OF RESOURCES	1,638,331	3,385,365
NET POSITION		
Net Investment in Capital Assets	(2,796,674)	(2,385,720)
Restricted for Emergencies	229,200	224,200
Restricted for Debt Service	109,364	231,125
Unrestricted	(6,071,750)	(6,878,717)
TOTAL NET POSITION	$ (8,529,860)	$ (8,809,112)

Performing Arts School's Change in Net Position

	2022-2023	2021-2022
REVENUES		
Per Pupil Revenue	$ 5,938,777	$ 5,744,292
District Mill Levy	817,855	787,934
Capital Construction	235,629	197,097
Charges for Services	407,746	295,863
Operating Grants and Contributions	294,131	(6,467)
Grants and Contributions not Restricted to Specific Programs	237,117	339,019
Miscellaneous	113,127	127,547
TOTAL REVENUE	8,044,382	7,485,285
EXPENSES		
Instruction	2,395,501	749,076
Support Services	4,033,901	2,407,647
Interest and Fees on Long-Term Debt	1,335,728	1,379,488
TOTAL EXPENSES	7,765,130	4,536,211
CHANGE IN NET POSITION	279,252	2,949,074
NET POSITION, Beginning	(8,809,112)	(11,758,186)
NET POSITION, Ending	$ (8,529,860)	$ (8,809,112)

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $1,734,689, an increase of $228,774 from the prior year. The School also maintains a governmental fund to record the activity of the Building Corporation (the Corporation). This fund is used to account for financial activities related to capital assets and the related debt service. $163,101 decrease $(68,024)

General Fund Budgetary Highlights

PPA recognized $97,678 more revenue than expected and spent $98,938 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 as well as funding assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets in the form of the School's educational facility, improvements to the School's educational facility, and both purchased and leased 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 has long-term debt in the form of Series 2020 Revenue Bonds, issued through the Arizona Industrial Development Authority Education Facility. Proceeds of the bonds were loaned to the Building Corporation for the purchase of the School's educational facilities. The School is required to make lease payments to the Building Corporation, and the Building Corporation is required to make equal payments to the Trustee for payment of the bonds. The school also has a lease agreement for equipment that qualifies as long-term debt. More information regarding long-term liabilities may be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Parker Performing Arts School is student enrollment. Enrollment for the 2022-2023 school year was 639.00 funded students. Enrollment projected for 2023-2024 is 655.00 funded students. This factor was considered when preparing PPA's budget for 2023-2024.

Requests for Information

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

Parker Performing Arts School
15035 Compark Blvd
Parker, CO 80134

Basic Financial Statements

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash	$ 2,279,988
Restricted Cash and Investments	163,101
Prepaid Expenses	81,404
Capital Assets, *Net of Accumulated Depreciation*	16,998,673
Total Assets	19,523,166
Deferred Outflows of Resources	
Pensions, *Net of Accumulated Amortization*	2,176,752
OPEB, *Net of Accumulated Amortization*	42,328
Total Deferred Outflows of Resources	2,219,080
Liabilities	
Accounts Payable	291,835
Accrued Salaries and Benefits	334,868
Accrued Interest Payable	53,737
Noncurrent Liabilities	
Due Within One Year	127,183
Due in More Than One Year	19,668,164
Net Pension Liability	7,889,172
Net OPEB Liability	268,816
Total Liabilities	28,633,775
Deferred Inflows of Resources	
Pensions, *Net of Accumulated Amortization*	1,519,551
OPEB, *Net of Accumulated Amortization*	118,780
Total Deferred Inflows of Resources	1,638,331
Net Position	
Net Investment in Capital Assets	(2,796,674)
Restricted for:	
Emergencies	229,200
Debt Service	109,364
Unrestricted	(6,071,750)
Total Net Position	$ (8,529,860)

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
Instruction	$ 2,395,501	$ 325,410	$ 207,620	$ (1,862,471)
Supporting Services	4,033,901	82,336	86,511	(3,865,054)
Interest and Fees on Long-Term Debt	1,335,728	-	-	(1,335,728)
Total Governmental Activities	$ 7,765,130	$ 407,746	$ 294,131	(7,063,253)
	General Revenues			
	Per Pupil Revenue			5,938,777
	District Mill Levy			817,855
	Capital Construction			235,629
	Grants and Contributions not Restricted to Specific Programs			237,117
	Miscellaneous			113,127
	Total General Revenues			7,342,505
	Change in Net Position			279,252
	Net Position, *Beginning of year*			(8,809,112)
	Net Position, *End of year*			$ (8,529,860)

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

Balance Sheet
Governmental Fund
June 30, 2023

	General	Building	Total
Assets			
Cash	$ 2,279,988	$ -	$ 2,279,988
Restricted Cash and Investments	-	163,101	163,101
Prepaid Expense	81,404	-	81,404
Total Assets	$ 2,361,392	$ 163,101	$ 2,524,493
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	$ 160,928	$ -	$ 160,928
Accrued Salaries and Benefits	465,775	-	465,775
Total Liabilities	626,703	-	626,703
Fund Balance			
Nonspendable	81,404	-	81,404
Restricted for:			
Emergencies	229,200	-	229,200
Debt Service	-	163,101	163,101
Unrestricted, Unassigned	1,424,085	-	1,424,085
Total Fund Balance	1,734,689	163,101	1,897,790
Total Liabilities and Fund Balance	$ 2,361,392	$ 163,101	$ 2,524,493

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

Total Fund Balance of the Governmental Fund	$ 1,897,790
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	16,998,673
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(53,737)
Capital Leases	(262,647)
Long-Term Debt	(19,532,700)
Net pension liability	(7,889,172)
Pension-related deferred outflows of resources	2,176,752
Pension-related deferred inflows of resources	(1,519,551)
Net OPEB liability	(268,816)
OPEB-related deferred outflows of resources	42,328
OPEB-related deferred inflows of resources	(118,780)
Total Net Position of Governmental Activities	$ (8,529,860)

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2023

	General	Building	Total
Revenues			
Local Sources	$ 7,376,410	$ 1,222,508	$ 8,598,918
State Sources	455,457	-	455,457
Federal Sources	121,014	-	121,014
Total Revenues	7,952,881	1,222,508	9,175,389
Expenditures			
Instruction	4,334,541	-	4,334,541
Supporting Services	3,652,243	844	3,653,087
Debt Service			
Principal	127,183	-	127,183
Interest and Fees	-	1,289,688	1,289,688
Total Expenditures	8,113,967	1,290,532	9,404,499
Excess of Revenues Over (Under) Expenditures	(161,086)	(68,024)	(229,110)
Other Financing Sources			
Capital Lease Proceeds	389,830	-	389,830
Net Change in Fund Balance	228,744	(68,024)	160,720
Fund Balance, *Beginning of year*	1,505,945	231,125	1,737,070
Fund Balance, *End of year*	$ 1,734,689	$ 163,101	$ 1,897,790

See Notes to the Financial Statements.

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)

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

For the Year Ended June 30, 2023

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

Net Change in Fund Balance of the Governmental Fund	$	160,720
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		424,204
Depreciation and Amortization expense		(526,471)
Entering into new leases provides current financial resources to governmental funds, but new leases increase long-term liabilities in the statement of net position and does not affect the statement of activities. Scheduled lease payments are expenditures in governmental funds but they reduce the lease liability in the statement of net position and do not affect the statement of activities.		
Lease Asset Proceeds		(389,830)
Lease Principal Payments		127,183
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.		
Amortization of Bond Discount		(46,040)
Net pension liability		(1,737,734)
Pension-related deferred outflows of resources		497,095
Pension-related deferred inflows of resources		1,738,345
Net OPEB liability		28,792
OPEB-related deferred outflows of resources		(5,701)
OPEB-related deferred inflows of resources		8,689
Change in Net Position of Governmental Activities	$	279,252

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The financial reporting entity consists of Parker Performing Arts School, (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 on 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>
(Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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 enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Capital Assets - Capital assets 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.

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

Equipment	5 - 10 years
Building Improvements	10 years
Building	50 years

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

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources if the debt is not expected to be repaid with current financial resources. Short-term debt borrowed and repaid during the fiscal year is recorded as a liability in the governmental fund financial statements. Issuance costs are reported as current expenses or expenditures.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

<u>Risk Management</u>

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.

<u>Subsequent Events</u>

The School has evaluated subsequent events through October 30, 2023, the date the financial statements were available to be issued.

Note 2: Cash and Investments

A summary of cash and investments at June 30, 2023, follows:

Deposits	$ 1,762,477
Investments	680,612
Total	$ 2,443,089

Note 2: Cash and Investments (Continued)

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

Cash and Investments	$ 2,279,988
Restricted Cash and Investments	163,101
Total	$ 2,443,089

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2023, the School had bank deposits of $2,010,553 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 of investment securities, except for corporate securities.

Note 2: Cash and Investments (Continued)

Restricted Cash and Investments

Cash and investments of $163,101 have been restricted by the Building Corporation's loan agreement for capital outlay and future debt service.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2023, is summarized below.

	Balance 6/30/21	Additions	Deletions	Balance 6/30/22
Capital Assets, *Being Depreciated*				
Building	$ 17,611,156	$ -	$ -	$ 17,611,156
Building Improvements	335,661	-	-	335,661
Equipment	117,447	34,374	-	151,821
Leased Equipment	-	389,830	-	389,830
Total Capital Assets, *Being Depreciated*	18,064,264	424,204	-	18,488,468
Less Accumulated Depreciation				
Building	(704,446)	(352,223)	-	(1,056,669)
Building Improvements	(169,467)	(33,566)	-	(203,033)
Equipment	(89,411)	(13,499)	-	(102,910)
Less Accumulated Amortization				
Leased Equipment	-	(127,183)	-	(127,183)
Total Accumulated Depreciation	(963,324)	(526,471)	-	(1,489,795)
Governmental Activities Capital Assets, *Net*	$ 17,100,940	$ (102,267)	$ -	$ 16,998,673

Depreciation expense was charged to the supporting services program of the School.

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions for the year ended June 30, 2023:

	Balance 6/30/22	Additions	Payments	Balance 6/30/23	Due Within One Year
2021 Revenue Bonds	$ 20,635,000	$ -	$ -	$ 20,635,000	$ -
2021 Discount	(1,148,340)	-	46,040	(1,102,300)	-
Capital Leases	-	389,830	(127,183)	262,647	127,183
Total	$ 19,486,660	$ 389,830	$ (81,143)	$ 19,795,347	$ 127,183

In July 2021, the Arizona Industrial Development Authority Education Facility issued a $20,635,000 Revenue Bond, Series 2020. Bond proceeds were loaned to the School to finance the purchase of educational facilities. The school is required to make loan payments to the Trustee, for payment of the bonds. The Bonds accrue interest at rates of 6.25%. Interest Payments are due semi-annually on December and June, beginning in December 2020 through June 2057. Principal payments are due annually from June 2026 through June 2057. During the year ended June 30, 2023, the School did not meet is debt service coverage ratio which may constitute an event of default under the provisions of the loan agreement.

Future debt service requirements for the loan, based upon the amount and terms as of June 30, 2023, is as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ -	$ 1,289,688	$ 1,289,688
2025	-	1,289,688	1,289,688
2026	215,000	1,289,688	1,504,688
2027	230,000	1,276,250	1,506,250
2028	245,000	1,261,875	1,506,875
2029-2033	1,470,000	6,060,000	7,530,000
2034-2038	1,990,000	5,540,000	7,530,000
2039-2043	2,695,000	4,835,000	7,530,000
2044-2048	3,655,000	3,880,000	7,535,000
2049-2053	4,945,000	2,585,625	7,530,625
2054-2057	5,190,000	835,938	6,025,938
Total	$ 20,635,000	$ 30,143,752	$ 50,778,752

Note 4: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

In July 2022, the School entered into capital lease agreements for school with the AFS Education Finance Program and Macquarie Equipment Capital Inc.

Future minimum lease payments under the School's capital lease obligations are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 127,183	$ 331	$ 127,514
2025	127,184	331	127,515
2026	4,140	331	4,471
2027	4,140	331	4,471
Total	$ 262,647	$ 1,324	$ 263,971

Leased equipment under capital leases in capital assets at June 30, 2023, include the following: Leased equipment amortization is included in depreciation expense.

	June 30, 2023
Equipment	$ 389,830
Less: Accumulated Depreciation	(127,183)
Total	$ 262,647

Note 5: Defined Benefit Pension Plan

General Information

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

Benefits provided as of December 31, 2022 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

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 member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the 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.

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

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

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 under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure 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 SCHDTF. 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.

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

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

Contributions provisions as of June 30, 2023 - Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 01, 2022 through June 30, 2023. The School's contribution rate was 21.40% of covered salaries for July 01, 2022 through June 30, 2023. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $700,090 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. 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 SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to ERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

Note 5: Defined Benefit Pension Plan (Continued)

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

The net pension liability for the SCHDTF was measured at December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year, 2022 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2023, the School reported a liability of $7,889,172 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	$	10,188,156
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School		(2,298,984)
Proportionate share of the net pension liability	$	7,889,172

At December 31, 2022, the School's proportion was 0.0433245658% which was a decrease of 0.0095347977% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the School recognized pension expense of $185,253 and benefit of $270,346 for support from the State as a nonemployer contributing entity. At June 30, 2023, 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	$ 74,663	$ -
Changes of assumptions and other inputs	139,743	-
Net difference between projected and actual earnings on plan investments	1,059,805	-
Changes in proportion	551,026	1,519,551
Contributions subsequent to the measurement date	351,515	-
Total	$ 2,176,752	$ 1,519,551

Note 5: Defined Benefit Pension Plan (Continued)

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

$351,515 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,		
2024	$	(174,550)
2025		(378,490)
2026		242,283
2027		616,442
2028		1
Total	$	305,686

Actuarial Assumptions - The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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.

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)*

Post-retirement non-disabled mortality assumptions were based upon 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 upon the PubT-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.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting .

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every 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 are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

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

Note: 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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)*

- 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 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount 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.

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)*

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 10,324,212	$ 7,889,172	$ 5,855,664

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

Note 6: Postemployment Healthcare Benefits

General Information

Plan description - Eligible employees of the School are provided with OPEB through the HCTF - a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 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.

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

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

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

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

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School was $35,039, for the year ended June 30, 2023.

Note 6: Postemployment Healthcare Benefits (Continued)

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

At June 30, 2023, the School reported a liability of $268,816 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.0329238481%, which was a decrease of 0.0015892678% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of $7,898. At June 30, 2023, 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	$ 33	$ 65,012
Changes of assumptions and other inputs	4,318	29,668
Net difference between projected and actual earnings on plan investments	16,419	-
Changes in proportion	3,965	24,100
Contributions subsequent to the measurement date	17,593	-
Total	$ 42,328	$ 118,780

$17,593 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,	
2024	$ (35,876)
2025	(27,645)
2026	(14,824)
2027	(4,361)
2028	(9,223)
Thereafter	(2,116)
Total	$ (94,045)

Note 6: Postemployment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	
6.50% in 2022 gradually decreasing to 4.50% in 2030	
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.50% in 2029	
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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, 2021, 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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

Post-retirement non-disabled mortality assumptions for the School Division were based on the upon 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.

Note 6: Postemployment Healthcare Benefits (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 Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

- Males: 97% 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 for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Note 6: Postemployment Healthcare Benefits (Continued)

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were adopted by the PERA's 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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 nominal rate of return assumption of 7.25%.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available 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.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 311,638	$ 268,816	$ 232,190

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 3.00% to 7.25%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 261,208	$ 268,816	$ 277,095

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

Note 7: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2023, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the School has established an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2023, the reserve was reported as restricted fund balance in the General Fund, in the amount of $229,200.

Required Supplementary Information

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
School Division Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net Pension Liability			
School's Proportion of the Net Pension Liability	0.0433245658%	0.0528593635%	0.0600913445%
Net Pension Liability			
School's Proportionate Share of the	$ 7,889,172	$ 6,151,438	$ 9,084,599
State's Proportionate Share	2,298,984	434,971	-
Total Proportionate Share of the Net Pension Liability	10,188,156	6,586,409	9,084,599
School's Covered-Employee Payroll	$ 3,340,997	$ 3,303,745	$ 3,207,405
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	236%	186%	283%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	75%	67%

Reporting Date	6/30/23	6/30/22	6/30/21
School Contributions			
Statutorily Required Contribution	$ 700,090	$ 655,175	$ 644,954
Contributions in Relation to the Statutorily Required Contribution	(700,090)	(655,175)	(644,954)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 3,435,175	$ 3,295,645	$ 3,230,494
Contributions as a Percentage of Covered-Employee Payroll	20.38%	19.88%	19.96%

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)

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
School Division Trust Fund
June 30, 2023
(Continued)

Measurement Date	12/31/19	12/31/18	12/31/17	12/31/16
Proportionate Share of the Net Pension Liability				
School's Proportion of the Net Pension Liability	0.0537196727%	0.0534036390%	0.0680820745%	0.0517306831%
Net Pension Liability				
School's Proportionate Share of the	$ 8,026,603	$ 9,456,211	$ 22,015,323	$ 15,402,225
State's Proportionate Share	1,017,939	1,293,010	-	-
Total Proportionate Share of the Net Pension Liability	9,044,542	10,749,221	22,015,323	15,402,225
School's Covered-Employee Payroll	$ 3,155,952	$ 2,929,552	$ 3,140,545	$ 1,160,883
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	323%	701%	1327%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57%	57%	44%	43%

Reporting Date	6/30/20	6/30/19	6/30/18	6/30/17
School Contributions				
Statutorily Required Contribution	$ 633,743	$ 536,458	$ 625,272	$ 485,000
Contributions in Relation to the Statutorily Required Contribution	(633,743)	(536,458)	(625,272)	(485,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 3,249,540	$ 2,796,940	$ 3,312,113	$ 2,634,777
Contributions as a Percentage of Covered-Employee Payroll	19.50%	19.18%	18.88%	18.41%

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.

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Health Care Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21
Proportionate Share of the Net OPEB Liability		
School's Proportion of the Net OPEB Liability	0.0329238481%	0.0345131159%
School's Proportionate Share of the Net OPEB Liability	$ 268,816	$ 297,608
School's Covered Payroll	$ 3,340,997	$ 3,303,745
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%

Reporting Date	6/30/23	6/30/22
School Contributions		
Statutorily Required Contribution	$ 35,039	$ 33,616
Contributions in Relation to the Statutorily Required Contribution	(35,039)	(33,616)
Contribution Deficiency (Excess)	$ -	$ -
School's Covered Payroll	$ 3,435,175	$ 3,295,645
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

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)

Parker Performing Arts School
(A Component Unit of Douglas County School District RE.1)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Health Care Trust Fund
June 30, 2023
(Continued)

Measurement Date	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	0.0347551799%	0.0350989602%	0.0346259560%	0.0386839686%
School's Proportionate Share of the Net OPEB Liability	$ 330,252	$ 394,512	$ 471,101	$ 502,737
School's Covered Payroll	$ 3,207,405	$ 3,155,952	$ 2,929,552	$ 1,160,883
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	16%	43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	17%	18%	18%

Reporting Date	6/30/21	6/30/20	6/30/19	6/30/18
School Contributions				
Statutorily Required Contribution	$ 32,951	$ 33,145	$ 28,529	$ 33,784
Contributions in Relation to the Statutorily Required Contribution	(32,951)	(33,145)	(28,529)	(33,784)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 3,230,494	$ 3,249,540	$ 2,796,940	$ 3,312,113
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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.

Parker Performing Arts School

(A Component Unity of Douglas County School District RE.1)

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 6,124,280	$ 5,939,421	$ 5,938,777	$ (644)
District Mill Levy	810,030	817,855	817,855	-
Tuition and Fees	220,600	240,000	325,410	85,410
Rental Income	25,000	70,000	82,336	12,336
Contributions	110,000	119,000	116,103	(2,897)
Miscellaneous	93,600	186,400	95,929	(90,471)
Total Local Sources	7,383,510	7,372,676	7,376,410	3,734
State Sources				
Capital Construction	207,700	232,161	235,629	3,468
Grants	129,175	129,346	219,828	90,482
Total State Sources	336,875	361,507	455,457	93,950
Federal Sources				
Grants	79,449	121,020	121,014	(6)
Total Federal Sources	79,449	121,020	121,014	(6)
Total Revenues	7,799,834	7,855,203	7,952,881	97,678
Expenditures				
Salaries	3,522,490	3,633,189	3,591,877	41,312
Employee Benefits	1,295,899	1,276,590	1,271,421	5,169
Purchased Services	2,439,420	2,411,619	2,248,633	162,986
Supplies	332,012	335,012	383,700	(48,688)
Property	48,100	492,195	458,847	33,348
Debt Service				
Principal	-	-	127,183	(127,183)
Other	89,300	64,300	32,306	31,994
Total Expenditures	7,727,221	8,212,905	8,113,967	98,938
Excess of Revenues Over (Under) Expenditures	72,613	(357,702)	(161,086)	196,616
Other Financing Sources				
Capital Lease Proceeds	-	407,195	389,830	(17,365)
Net Change in Fund Balance	72,613	49,493	228,744	179,251
Fund Balance, *Beginning of year*	1,239,496	1,505,947	1,505,945	(2)
Fund Balance, *End of year*	$ 1,312,109	$ 1,555,440	$ 1,734,689	$ 179,249

Parker Performing Arts School

(A Component Unit of Douglas County School District RE.1)
Notes to Required Supplementary Information
June 30, 2023

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2023, 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, 2021.

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

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

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

The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.

Note 2: Stewardship, Compliance and Accountability (Continued)

Budgetary Information *(Continued)*

- Expenditures may not legally exceed budget 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.