Compass Academy

(A Component Unit of Denver Public Schools)
Denver, Colorado

Financial Statements
with Independent Auditor's Report

June 30, 2024

HINKLE & COMPANY PC
Strategic Business Advisors

Compass Academy

(A Component Unit of Denver Public Schools)
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June 30, 2024

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
Compass Academy
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and fund, of Compass Academy (the School), a component unit of Denver Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and fund of the School, as of June 30, 2024, 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). 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

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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Hinkle & Company, PC

Englewood, Colorado
October 8, 2024

Compass Academy
Management's Discussion and Analysis
June 30, 2024

As management of Compass Academy (Compass or the School), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. 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, 2024 is the ninth year of operations for the School. As of June 30, 2024, net position increased by $216,157 to $2,097,289. The School's governmental fund reported an ending fund balance of $2,900,400, an increase of $122,468 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $2,272,876.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2024, the School's net position was $2,097,289. This position includes a net pension liability in the amount of $1,547,835, representing the School's proportionate share of the Denver Public Schools Division pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) asset in the amount of $10,957, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB asset, 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, $1,987 is invested in capital assets, $116,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and $10,957 is restricted for Other Post-Employment Benefits.

Compass Academy's Net Position

	2023-2024	2022-2023
ASSETS		
Cash	$ 2,986,271	$ 2,617,539
Accounts Receivable	115,163	319,697
Prepaid Expenses	36,152	25,846
Net OPEB Asset	10,957	-
Capital Assets, being depreciated	27,619	3,673
TOTAL ASSETS	3,176,162	2,966,755
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	906,357	824,287
OPEB, Net of Accumulated Amortization	27,529	44,992
TOTAL DEFERRED OUTFLOWS OF RESOURCES	933,886	869,279
LIABILITIES		
Accounts Payable	47,382	13,080
Accrued Liabilities	1,174	-
Accrued Salaries and Benefits	188,630	172,070
Noncurrent Liabilities		
Due Within One Year	6,553	-
Due in More Than One Year	19,079	-
Net Pension Liability	1,547,835	1,346,427
Net OPEB Liability	-	23,345
TOTAL LIABILITIES	1,810,653	1,554,922
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	170,402	360,213
OPEB, Net of Accumulated Amortization	31,704	39,767
TOTAL DEFERRED INFLOWS OF RESOURCES	202,106	399,980
NET POSITION		
Net Investment in Capital Assets	1,987	3,673
Restricted for Emergencies	116,000	123,000
Restricted for OPEB	10,957	-
Unrestricted	1,968,345	1,754,459
TOTAL NET POSITION	$ 2,097,289	$ 1,881,132

Compass Academy's Change in Net Position

	2023-2024	2022-2023
REVENUES		
Per Pupil Revenue	$ 2,272,876	$ 2,537,174
Additional At-Risk	2,200	3,241
Mill Levy Override	663,735	715,817
Capital Construction	48,535	50,748
Charges for Services	3,537	5,565
Operating Grants and Contributions	1,398,278	1,391,584
Investment Income	116,038	24,242
Other	10,597	3,245
TOTAL REVENUE	4,515,796	4,731,616
EXPENSES		
Instruction	2,377,348	2,673,725
Supporting Services	1,920,697	1,743,316
Interest	1,594	-
TOTAL EXPENSES	4,299,639	4,417,041
CHANGE IN NET POSITION	216,157	314,575
NET POSITION, Beginning	1,881,132	1,566,557
NET POSITION, Ending	$ 2,097,289	$ 1,881,132

Financial Analysis of the Government's Fund

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of $2,900,040, an increase of $122,468 from the prior year.

General Fund Budgetary Highlights

The School recognized $33,639 less revenue than expected and spent $117,175 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and funding assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets for equipment and a copier lease (GASB 87) in support of the School's educational program. Depreciation and amortization expenses for capital assets are booked under the supporting services program of the School's operations. More information regarding capital assets may be found in Note 3 to the financial statements.

The School has no long-term obligations outside of those related to the School's right-to-use asset copier lease (GASB 87), and those related to pensions (GASB 68) and the Other Post Employment Benefit Plan (OPEB) (GASB 75).

Economic Factors and Next Year's Budget

The primary factor driving the budget for the School is student enrollment. Enrollment for the 2023-2024 school year was 200 funded students. Enrollment projected for 2024-2025 is 190 funded students. This factor was considered when preparing The School's budget for 2024-2025.

Requests for Information

This financial report is designed to provide a general overview of the 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:

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

Basic Financial Statements

Compass Academy
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and Investments	$ 2,986,271
Accounts Receivable	115,163
Prepaid Expenses	36,152
Net OPEB Asset	10,957
Capital Assets*, being depreciated*	27,619
Total Assets	3,176,162
Deferred Outflows of Resources	
Pensions*, Net of Accumulated Amortization*	906,357
OPEB, *Net of Accumulated Amortization*	27,529
Total Deferred Outflows of Resources	933,886
Liabilities	
Accounts Payable	47,382
Accrued Liabilities	1,174
Accrued Salaries and Benefits	188,630
Noncurrent Liabilities	
Due Within One Year	6,553
Due in More than One Year	19,079
Net Pension Liability	1,547,835
Total Liabilities	1,810,653
Deferred Inflows of Resources	
Pensions*, Net of Accumulated Amortization*	170,402
OPEB, *Net of Accumulated Amortization*	31,704
Total Deferred Inflows of Resources	202,106
Net Position	
Net Investment in Capital Assets	1,987
Restricted for Emergencies	116,000
Restricted for OPEB	10,957
Unrestricted	1,968,345
Total Net Position	$ 2,097,289

See Notes to the Financial Statements.

Compass Academy

(A Component Unit of Denver Public Schools)

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 2,377,348	$ 3,537	$ 1,394,838	$ (978,973)
Supporting Services	1,920,697	-	3,440	(1,917,257)
Interest Expense	1,594	-	-	(1,594)
Total Governmental Activities	$ 4,299,639	$ 3,537	$ 1,398,278	(2,897,824)
General Revenues				
Per Pupil Revenue				2,272,876
Additional At-Risk Funding				2,200
District Mill Levy				663,735
Capital Construction				48,535
Investment Income				116,038
Other Revenue				10,597
Total General Revenues				3,113,981
Change in Net Position				216,157
Net Position, *Beginning of Year*				1,881,132
Net Position, *End of Year*				$ 2,097,289

See Notes to the Financial Statements.

Compass Academy
(A Component Unit of Denver Public Schools)
Balance Sheet
Governmental Fund
June 30, 2024

		General
Assets		
Cash and Investments	$	2,986,271
Accounts Receivable		115,163
Prepaid Expenses		36,152
Total Assets	$	3,137,586
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	47,382
Accrued Liabilities		1,174
Accrued Salaries and Benefits		188,630
Total Liabilities		237,186
Fund Balance		
Nonspendable Prepaid Expenditures		36,152
Restricted for Emergencies		116,000
Assigned		45,942
Unrestricted, Unassigned		2,702,306
Total Fund Balance		2,900,400
Total Liabilities and Fund Balance	$	3,137,586

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

Total Fund Balance of the Governmental Fund	$	2,900,400
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		27,619
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Lease Payable		(25,632)
Net pension liability		(1,547,835)
Pension-related deferred outflows of resources		906,357
Pension-related deferred inflows of resources		(170,402)
Net OPEB asset		10,957
OPEB-related deferred outflows of resources		27,529
OPEB-related deferred inflows of resources		(31,704)
Total Net Position of Governmental Activities	$	2,097,289

Compass Academy

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2024

	General
Revenues	
Local Sources	$ 1,198,020
State Sources	2,657,682
Federal Sources	664,455
Total Revenues	4,520,157
Expenditures	
Instruction	2,484,803
Supporting Services	1,936,924
Debt Service	
Principal	6,241
Interest	1,594
Total Expenditures	4,429,562
Revenues Over (Under) Expenditures	90,595
Other Financing Sources (Uses)	
Proceeds from Issuance of Lease	31,873
Net Change in Fund Balance	122,468
Fund Balance, *Beginning of Year*	2,777,932
Fund Balance, *End of Year*	$ 2,900,400

See Notes to the Financial Statements.

Compass Academy

(A Component Unit of Denver Public Schools)

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

For the Year Ended June 30, 2024

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balance of the Governmental Fund	$	122,468
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		31,873
Depreciation expense		(7,927)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities		
Right-to-Use Lease Principal		6,241
Right-to-Use Lease Proceeds		(31,873)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.		
Net pension liability		(201,408)
Pension-related deferred outflows of resources		82,070
Pension-related deferred inflows of resources		189,811
Net OPEB asset		34,302
OPEB-related deferred outflows of resources		(17,463)
OPEB-related deferred inflows of resources		8,063
Change in Net Position of Governmental Activities	$	216,157

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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

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

Reporting Entity

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

The School is a component unit of the District. The School's charter is authorized by the District and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The School reports the following major governmental fund:

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

Assets, Liabilities and Net Position/Fund Balance

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Equipment	5 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.

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Risk Management

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

Subsequent Events

The School has evaluated subsequent events through October 8, 2024, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At June 30, 2024, the School had the following cash and investments:

Deposits	$	750,605
Investments		2,235,666
Total	$	2,986,271

Note 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local governments to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the School had bank deposits of $500,531 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

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

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

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

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

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

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

Local Government Investment Pools - At June 30, 2024, the School had $2,235,666 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2024, is summarized below. Depreciation and amortization are combined in the following table.

Governmental Activities	Balance 06/30/23	Additions	Deletions	Balance 06/30/24
Capital Assets, B*eing Depreciated*				
Equipment	$ 35,749	$ -	$ -	$ 35,749
Right-to-Use Lease Equipment	-	31,873	-	31,873
Total Capital Assets, B*eing Depreciated*	35,749	31,873	-	67,622
Less: Accumulated Depreciation				
Equipment	(32,076)	(1,102)	-	(33,178)
Right-to-Use Lease Equipment	-	(6,825)	-	(6,825)
Total Accumulated Depreciation	(32,076)	(7,927)	-	(40,003)
Governmental Activities Capital Assets, *net*	$ 3,673	$ 23,946	$ -	$ 27,619

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

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2024:

Governmental Activities	Balance 6/30/23	Additions	Deletions	Balance 6/30/24	Due Within One Year
Right-to-Use Lease	$ -	$ 31,873	$ (6,241)	$ 25,632	$ 6,553

Note 4: Long-Term Debt (Continued)

The School has entered into a lease agreement directly with the vendor to lease a copier machine. Monthly payments are required by the lease agreements, with terms of five years. Future minimum lease payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 6,553	$ 1,282	$ 7,835
2026	6,881	954	7,835
2027	7,225	610	7,835
2028	4,973	249	5,222
Total	$ 25,632	$ 3,095	$ 28,727

Note 5: Defined Benefit Pension Plan

General Information

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

Benefits Provided as of December 31, 2023 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information (*Continued)*

- 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% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of the 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information (*Continued)*

Contribution provisions as of June 30, 2024 - Eligible employees of the School and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary period of July 01, 2023 through June 30, 2024. The School's contribution rate was 11.40% of covered salaries for July 01, 2023 through June 30, 2024. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). In addition, the portion of employer contributions allocated to PCOP offset as specified in C.R.S. § 24-51-412 was 10.93% from July 01, 2023 through December 31, 2023, and 9.78% from January 1, 2024 through 2024. Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were $229,637 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added C.R.S § 24-51-414(9) provided compensatory payment of $14.561 million for 2023 only.

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

The net pension liability for the DPS Division was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. The School's proportion of the net pension liability was based on School contributions to the DPS Division for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Note 5: Defined Benefit Pension Plan (Continued)

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

At June 30, 2024, the School reported a liability of $1,547,835 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

Net Proportionate share of net pension liability	$ 1,621,052
State proportionate share of pension liability	(73,217)
School's proportionate share of the net pension liability	$ 1,547,835

At December 31, 2023, the School's proportion was 0.2389725757%, which was an increase of 0.0838058225% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the School recognized pension expense of $148,257 and benefit of $5,980 for support from the State as a nonemployer contributing entity. At June 30, 2024, 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	$ 88,089	$ -
Net difference between projected and actual earnings on plan investments	409,913	-
Changes in proportion	286,482	170,402
Contributions subsequent to the measurement date	121,873	-
Total	$ 906,357	$ 170,402

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)*

$121,873 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,		
2025	$	(135,790)
2026		439,451
2027		423,250
2028		(112,829)
Total	$	614,082

Actuarial Assumptions - The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by the 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.

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

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

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)*

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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% 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 nominal 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 and 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), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 3,050,733	$ 1,547,835	$ 310,683

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

Note 6: Pension Certificates of Participation

Beginning in 2008, the District issued Taxable Pension Certificates of Participation (PCOPs) to fund the liabilities of the DPSD (See Note 5). For the year ended June 30, 2024, the School contributed 10.36% of covered salaries, totaling $237,086, to the District to cover its obligation relating to the PCOPs.

Note 7: Postemployment Healthcare Benefits (OPEB)

General Information

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

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

General Information *(Continued)*

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

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

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

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

Note 7: Postemployment Healthcare Benefits (OPEB) (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 DPS HCTF or the HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

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

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

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the School were $23,359 for the year ended June 30, 2024.

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

At June 30, 2024, the School reported an asset of $10,957, for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to December 31, 2023. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year ended December 31, 2023, relative to the total contributions of all participating employers to the DPS HCTF.

At December 31, 2023, the School's proportion was 0.2502823003%, which was a decrease of 0.0153359000% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the School recognized OPEB expense of $2,007. At June 30, 2024, 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	$ -	$ 22,097
Changes of assumptions and other inputs	285	8,561
Net difference between projected and actual earnings on plan investments	5,331	-
Changes in proportion	10,186	1,046
Contributions subsequent to the measurement date	11,727	-
Total	$ 27,529	$ 31,704

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

$11,727 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,	
2025	$ (2,611)
2026	(5,061)
2027	(3,022)
2028	(6,573)
2029	(3,258)
Thereafter	4,623
Total	$ (15,902)

Actuarial Assumptions - The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.0%
PERACare Medicare plans:	
7.00% for 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums:	
3.50% for 2023, gradually increasing to 4.50% in 2035	
DPS benefit structure:	
Service-based premium subsidy	0.0%
PERACare Medicare plans:	N/A
Medicare Part A premiums:	N/A

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Each year, 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 2023 Medicare Part A premium is $506 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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.

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

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
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for the DPS Division as shown reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed using a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

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

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

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

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Post-retirement non-disabled beneficiary mortality assumptions were based on 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 following health care costs assumptions were updated and used in the roll-forward calculation for the DPS HCTF:

- Per capita health care costs in effect as of December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- 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.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were reviewed and adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption, 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 4).

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 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, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

Note 7: Postemployment Healthcare Benefits (OPEB) (Continued)

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

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

Sensitivity of the School*'s proportionate share of the net OPEB liability to changes in the discount rat*e - 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 (asset)	$ 4,455	$ (10,957)	$ (24,052)

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 (asset)	$ (11,403)	$ (10,957)	$ (10,599)

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

Note 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2024, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2024, the reserve was reported as restricted fund balance in the General Fund, in the amount of $116,000.

Facility Use Agreement

The School approved a facility use agreement with the District to utilize educational facilities owned by the District. For the year ended June 30, 2024, the School paid facility use fees of $1,000 per student, which totaled $200,026.

Required Supplementary Information

Compass Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Division Trust Fund
June 30, 2024

Measurement Date	12/31/23	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net Pension Liability				
School's Proportion of the Net Pension Liability	0.2389725757%	0.1551667532%	0.1935377530%	0.2507898971%
Net Pension Liability				
School's Proportionate Share	$ 1,547,835	$ 1,346,427	$ 11,556	$ 1,128,339
State's Proportionate Share	73,217	957,992	3,393	-
Net Proportionate Share	$ 1,621,052	$ 2,304,419	$ 14,949	$ 1,128,339
School's Covered-Employee Payroll	$ 2,313,242	$ 2,275,013	$ 2,096,691	$ 1,974,994
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	67%	59%	1%	57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87%	82%	100%	90%

Reporting Date	6/30/24	6/30/23	6/30/22	6/30/21
School Contributions				
Statutorily Required Contribution	$ 229,637	$ 204,131	$ 185,108	$ 146,897
Contributions in Relation to the Statutorily Required Contribution	(229,637)	(204,131)	(185,108)	(146,897)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 2,290,100	$ 2,293,563	$ 2,247,312	$ 1,968,813
Contributions as a Percentage of Covered Payroll	10.03%	8.90%	8.24%	7.46%

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

(Continued)

Compass Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Division Trust Fund
June 30, 2024
(Continued)

Measurement Date	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.1900398390%	0.1770018951%	0.2123690019%	0.1419521123%	0.1090368165%
Net Pension Liability					
School's Proportionate Share	$ 1,252,066	$ 1,810,554	$ 1,903,909	$ 1,555,046	$ 887,053
State's Proportionate Share	554,889	938,038	-	-	-
Net Pension Liability	$ 1,806,955	$ 2,748,592	$ 1,903,909	$ 1,555,046	$ 887,053
School's Covered-Employee Payroll	$ 2,047,943	$ 1,951,132	$ 1,437,301	$ 937,963	$ 341,143
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	61%	141%	132%	166%	260%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85%	76%	80%	74%	79%

Reporting Date	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16
School Contributions					
Statutorily Required Contribution	$ 127,712	$ 62,060	$ 77,346	$ 40,740	$ 14,592
Contributions in Relation to the Statutorily Required Contribution	(127,712)	(62,060)	(77,346)	(40,740)	(14,592)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,977,345	$ 2,109,107	$ 1,700,234	$ 1,202,291	$ 725,438
Contributions as a Percentage of Covered Payroll	6.46%	2.94%	4.55%	3.39%	2.01%

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

Compass Academy

(A Component Unit of Denver Public Schools)

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions

June 30, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in § 24-51-416, plus $10 million from the General Fund, totaling $14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issues in 1997 and 2008 and refinanced thereafter.

2022 Changes in Plan Provisions Since 2021

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled $225,000,000 direct distribution, a warrant to PERA in the amount of $380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190,000 to $35,000,000. The July 1, 2024, direct distribution will not be reduced from $225,000 due to a negative investment return in 2022.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2021 Changes in Plan Provisions Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
    - Member contribution rates increase by 0.50%.
    - Employer contribution rates increase by 0.50%.
    - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the $225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2019 Changes in Plan Provisions Since 2018

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25%.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
  - An annual direct distribution of $225,000,000 from the State of Colorado, recognized as a non-employer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
  - AI cap is lowered from 2.00% per year to 1.50% per year.
  - Initial AI waiting period is extended from one year after retirement to three years after retirement.
  - AI payments are suspended for 2018 and 2019.
  - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increase from one to three years for the Judicial Division.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2017 Changes in Plan Provisions Since 2016

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2016 Changes in Plan Provisions Since 2015

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

2015 Changes in Plan Provisions Since 2014

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- As required under C.R.S. § 24-51-401(1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

2022 Changes in Assumptions of Other Inputs Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Assumptions of Other Inputs Since 2020

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020 Changes in Assumptions of Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

<u>2020 Changes in Assumptions of Other Inputs Since 2019</u> *(Continued)*

- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

<u>2019 Changes in Assumptions of Other Inputs Since 2018</u>

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

<u>2018 Changes in Assumptions of Other Inputs Since 2017</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2017 Changes in Assumptions of Other Inputs Since 2016</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2016 Changes in Assumptions of Other Inputs Since 2015</u>

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2016 Changes in Assumptions of Other Inputs Since 2015 *(Continued)*

- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- The SEIR for the DPS Division was lowered from 7.50% to 7.25%, reflecting the change in the long-term expected rate of return.

2015 Changes in Assumptions of Other Inputs Since 2014

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

Compass Academy

(A Component Unit of Denver Public Schools)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Public Employees' Retirement Association of Colorado

Denver Public Schools Health Care Trust Fund

June 30, 2024

Measurement Date	12/31/23	12/31/22
Proportionate Share of the Net OPEB Liability		
School's Proportion of the Net OPEB Liability	0.2502823003%	0.2656182003%
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (10,957)	$ 23,345
School's Covered Payroll	$ 2,313,242	$ 2,275,013
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0%	1%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107%	86%

Reporting Date	6/30/24	6/30/23
School Contributions		
Statutorily Required Contribution	$ 23,359	$ 23,394
Contributions in Relation to the Statutorily Required Contribution	(23,359)	(23,394)
Contribution Deficiency (Excess)	$ -	$ -
School's Covered Payroll	$ 2,290,100	$ 2,293,563
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)

Compass Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Health Care Trust Fund
June 30, 2024
(Continued)

Measurement Date	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability					
School's Proportion of the Net OPEB Liability	0.2481820004%	0.2507994835%	0.2742513415%	0.2687029788%	0.2114831230%
School's Proportionate Share of the Net OPEB Liability	$ 26,106	$ 57,413	$ 101,026	$ 121,373	$ 107,770
School's Covered Payroll	$ 2,096,691	$ 1,974,994	$ 2,047,943	$ 1,951,132	$ 1,512,483
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	1%	3%	5%	6%	7%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	84%	65%	47%	35%	30%

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

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

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

2022 Changes in Plan Provisions Since 2021

- The total OPEB liability 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, 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.

2021 Changes in Plan Provisions Since 2020

- There were no changes made to plan provisions.

2020 Changes in Plan Provisions Since 2019

- There were no changes made to plan provisions.

2019 Changes in Plan Provisions Since 2018

- There were no changes made to plan provisions.

2018 Changes in Plan Provisions Since 2017

- There were no changes made to plan provisions.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to plan provisions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 Changes in Assumptions or Other Inputs Since 2022

- There were no changes made to the actuarial methods or assumptions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2022 Changes in Assumptions or Other Inputs Since 2021
- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Assumptions or Other Inputs Since 2020
- There were no changes made to the actuarial methods or assumptions.

2020 Changes in Assumptions or Other Inputs Since 2019
- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to 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.

2020 Changes in Assumptions or Other Inputs Since 2019 *(Continued)*
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018
- There were no changes made to the actuarial methods or assumptions.

2018 Changes in Assumptions or Other Inputs Since 2017
- There were no changes made to the actuarial methods or assumptions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2017 Changes in Assumptions or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.

Compass Academy

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
District Mill Levy	$ 669,525	$ 628,515	$ 663,735	$ 35,220
Grants	275,400	386,400	404,113	17,713
Investment Income	-	108,000	116,038	8,038
Fees	6,330	6,000	3,537	(2,463)
Other	19,000	47,250	10,597	(36,653)
Total Local Sources	970,255	1,176,165	1,198,020	21,855
State Sources				
Per Pupil Revenue	2,405,351	2,279,954	2,272,876	(7,078)
Additional At-Risk Funding	3,698	3,522	2,200	(1,322)
Capital Construction	35,659	33,800	48,535	14,735
Grants	342,687	378,154	334,071	(44,083)
Total State Sources	2,787,395	2,695,430	2,657,682	(37,748)
Federal Sources				
Grants	657,964	682,201	664,455	(17,746)
Total Revenues	4,415,614	4,553,796	4,520,157	(33,639)
Expenditures				
Salaries	2,288,358	2,379,696	2,368,157	11,539
Benefits	658,686	670,076	608,884	61,192
Purchased Services	1,244,898	1,248,891	1,225,774	23,117
Supplies and Materials	95,807	140,653	152,133	(11,480)
Property	39,502	46,702	55,803	(9,101)
Other Objects	79,979	60,719	12,570	48,149
Other Financing	-	-	6,241	(6,241)
Total Expenditures	4,407,230	4,546,737	4,429,562	117,175
Revenues Over (Under) Expenditures	8,384	7,059	90,595	83,536
Other Financing Sources (Uses)				
Lease Proceeds	-	-	31,873	31,873
Net Change in Fund Balance	8,384	7,059	122,468	115,409
Fund Balance, *Beginning of Year*	2,507,662	2,777,931	2,777,932	1
Fund Balance, *End of Year*	$ 2,516,046	$ 2,784,990	$ 2,900,400	$ 115,410

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

All appropriations lapse at fiscal year-end.