MOUNTAIN PHOENIX COMMUNITY SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

JOHN CUTLER
& ASSOCIATES

Board of Directors
Mountain Phoenix Community School
Wheat Ridge, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Mountain Phoenix Community School (the "School"), a component unit of Jefferson County School District R-1, as of and for the year ended June 30, 2022, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mountain Phoenix Community School as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Mountain Phoenix Community School and to meet our 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 the 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.

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 judgement made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 39-43 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 (GASB) 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.

John Cutler & Associates, LLC

November 14, 2022

Mountain Phoenix Community School

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

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

Financial Highlights

The year ended June 30, 2022 was the fourteenth year of operations for MPCS. The liabilities of Mountain Phoenix Community School exceeded its assets at the close of the most recent fiscal year by $2,981,015 (negative net position). The net position increased over the prior year by $3,171,220. The overall negative net position of $$2,981,015 is due to the new GASB 68 pension disclosure reflecting the School's proportional share of the plan's unfunded pension liability.

The general fund balance for fiscal year ending June 30, 2022 is $2,736,586.

The operations of MPCS are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was$4,569,673.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all MPCS's assets plus deferred outflows less liabilities and deferred inflows, 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 of MPCS is improving or deteriorating. The statement of activities presents information showing how MPCS's 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 MPCS that are primarily supported by per pupil operating revenue passed from the Jefferson County School District. These activities include instruction and supporting services expenses.

The government-wide financial statements can be found on pages 1-2 of this report.

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. MPCS keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. MPCS reports two governmental funds, the general fund and the building corporation. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

The fund financial statements can be found on pages 3-4 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. This information is provided in pages 6 - 23.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of MPCS's financial position. For the year ended June 30, 2022, MPCS's combined assets were less than liabilities by ($2,981,015)*. Of MPCS's net position, $8,705,538 is unrestricted and is available to meet MPCS's ongoing financial obligations. $190,398 of the combined funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Net Position	**2021-2022**	**2020-2021**
Assets		
Cash	$1,392,381	1,497,973
Restricted Cash and Investments	$1,423,305	1,322,099
Accounts Receivable	$13,565	15,335
Capital Assets, Not Depreciated	$4,295,006	3,343,142
Capital Assets, Net of Accumulated Depreciation	$4,215,267	4,438,063
Total Assets	***$11,339,524***	***$10,616,612***

		Deferred Outflows of Resources	$1,860,848	2,929,790
	Liabilities			
		Accounts Payable	$52,895	$23,879
		Accrued Interest	$112,350	$114,625
		Deferred Revenue	$39,770	$34,200
		Noncurrent Liabilities Due in One Year Noncurrent Liabilities Due in More Than One Year	$140,000 $6,280,000	$130,000 $6,420,000
		Net Pension Liability	$6,003,897	$8,812,058
		Net OPEB Liability	$290,472	$320,372
	Total Liabilities		***$12,919,384***	***$15,855,134***
	Deferred Inflows of Resources			
	Related to Pensions Related to OPEB		$3,153,377 $3,733,321 $108,626	 $3,733,321 $110,182
	Net Position		$3,262,003	$3,843,503
		Net Investment in Capital Assets	$3,078,417	$1,231,205
		Restricted for Emergencies	$190,398	$138,902
		Restricted for Debt Services	$396,456	$1,183,196
		Unrestricted	$(6,646,286)	$(8,705,538)
	Total Net Position		***$(2,981,015***	***$(6,152,235)***

Change in Net Position			**2021-2022**	**2020-2021**
	Revenues			
		Per Pupil Revenue	$4,569,673	$4,392,556
		Charges for Services	$684,455	$405,438
		Grants and Contributions	$167,367	$82,111
		Capital Construction Funding	$165,282	$166,712
		Mill Levy Override	$950,0093	$1,001,81
		Miscellaneous	$70,096	$29,766
		Total Revenue	***$6,606,882***	***$ 6,078,396***
	Expenses			
		Instruction	$4,533,518	$2,652,771
		Support Services	$(531,585)	$909,493
		Interest and Other Fiscal Charges	$459,075	$460,599
		Total Expenses	***$4,461,008***	***$4,022,863***
	Increase (decrease) in net position		$3,171,220	$4,120,359

	Net Position, Beginning, As Restated	$(6,152,235)	(10,272,594)
	Net Position, Ending	***$(2,981,015)***	***$ (6,152,235)***

Financial Analysis of MPCS's Funds

MPCS has a shared leadership model with day to day administration of the school being overseen by a Director of Education (DE) and a Director of Enrichment and Student Support (DESS). The DE is entering his sixth year with the school. The DESS is entering her fourth year in this role. The seven member Governing Council has a mixture of experienced and new members. Over the last several years, school leadership has sustained MPCS's accreditation rating as a Performing school with the Colorado Department of Education, implementing annual improvement cycles contributing to the school's successful educational program in accordance with the principles of public Waldorf education and positive academic, social and emotional outcomes for students. Teachers, and high teacher retention rates, remain a vital source of the school's success.

The school made considerable investments towards The Lively Arts Homeschool program during the 2021-22 school year, expanding the program into a separate facility that will accommodate significant future growth in student enrollment.

The MPCS Foundation and Family Council continue to be dedicated partners conducting ongoing fundraising to support continuity of school programs.

The school's outside accountant prepares annual financial statements and balance sheets prior to filing appropriate tax returns.

Governmental funds

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

As of the end of the current fiscal year MPCS's general fund reported an ending fund balance of $2,736,586.

General Fund Budgetary Highlights

MPCS budgeted for General Fund expenditures of $6,705,367 for the year ended June 30, 2022. Actual expenditures were $6,647,624.

There were budget amendments during the year. One to address a greater than 5% shortfall in anticipated revenue and a second to address a mid-year change in the per pupil funded amount authorized by the state legislature.

Capital Asset and Debt Administration

Capital assets

MPCS's investment in capital assets as of June 30, 2022, amounts to $8,510,273 in equipment and site improvements. The detail on capital assets is in Note 4 of the financial statements.

Long-Term Lease Agreement

MPCS entered into a lease agreement with the MPCS Building Corporation during Fiscal Year 2013 for use of the school facility. The bonds under which the lease was based were issued in October 2012. Under the terms of the new agreement, MPCS will make monthly lease payments ranging from $28,043 to $44,138, through September 2042. The bonds are eligible for refinance beginning October, 2022.

Economic Factors and Next Year's Budget

The primary factor driving the budget for MPCS is student enrollment in our K-8 public charter school and our affiliated Lively Arts homeschool enrichment program. Tuition-based programs include Preschool, Before and Aftercare programs, and an infant/toddler program. Disruptions in public education and student enrollment attributed to the ongoing impact of the COVID-19 pandemic contributed to a decrease in the funded enrollment from 2021 level of 551 FTE to 520 FTE for the 2021-22 school year. Revenue losses were largely offset by ongoing federal emergency grant funds.

School leadership anticipates a recovery of student enrollment to pre-pandemic levels for the 2022-23 school year as well as an increase in per pupil funding. Combined, these factors drive future budget plans to incorporate increases to employee salaries and the strategic focus to expand the school level leadership team to enable further program development and ensure robust succession planning. The Program Director for Early Childhood Education role will lead the development of this essential program, leveraging substantial wait lists for the preschool program that is a foundational revenue stream feeding the K-8 program. Resources will all be allocated to fund paid employee sick leave in compliance with public health emergency sick leave requirements.

The ongoing use of emergency federal grant funds will be directed to support student social/emotional wellbeing through maintenance of school positions created during the height of the pandemic to address these needs.

- *Please see Note 6 from our auditors regarding the changes required in reporting on pension liabilities. This requirement although it indicates a negative bottom line actually this is only for reporting purposes and we are otherwise in compliance.

Requests for Information

This financial report is designed to provide a general overview of Mountain Phoenix Community 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:

Margaret Payne
Director of Student Support

Erin Hartlein
Board President

BASIC FINANCIAL STATEMENTS

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF NET POSITION
As of June 30, 2022

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	$ 1,392,381	$ 1,497,973
Restricted Cash and Investments	1,423,305	1,322,099
Accounts Receivable	13,565	15,335
Capital Assets, Not Depreciated	4,295,006	3,343,142
Capital Assets, Depreciated, Net of Accumulated Depreciation	4,215,267	4,438,063
TOTAL ASSETS	11,339,524	10,616,612
DEFERRED OUTFLOWS OF RESOURCES		
Original Issue Discount	-	159,093
Related to Pensions	1,679,232	2,743,897
Related to OPEB	29,923	26,800
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,709,155	2,929,790
LIABILITIES		
Accounts Payable	52,895	23,879
Accrued Interest	112,350	114,625
Unearned Revenues	39,770	34,200
Noncurrent Liabilities		
Due in One Year	132,600	130,000
Due in More Than One Year	6,135,707	6,420,000
Net Pension Liability	6,003,897	8,812,058
Net OPEB Liablility	290,472	320,372
TOTAL LIABILITIES	12,767,691	15,855,134
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	3,153,377	3,733,321
Related to OPEB	108,626	110,182
TOTAL DEFERRED INLOWS OF RESOURCES	3,262,003	3,843,503
NET POSITION		
Net Investment in Capital Assets	3,078,417	1,231,205
Restricted for Emergencies	190,398	138,902
Restricted for Debt Service	396,456	1,183,196
Unrestricted	(6,646,286)	(8,705,538)
TOTAL NET POSITION	$ (2,981,015)	$ (6,152,235)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES Charges for Services	PROGRAM REVENUES Operating Grants and Contributions	PROGRAM REVENUES Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION Governmental Activities 2022	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION Governmental Activities 2021
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 2,825,479	$ 684,455	$ 167,367	$ -	$ (1,973,657)	$ (2,165,222)
Supporting Services	1,176,454	-	-	165,282	(1,011,172)	(742,781)
Interest On Long-Term Debt	459,075	-	-	-	(459,075)	(460,599)
Total Governmental Activities	$ 4,461,008	$ 684,455	$ 167,367	$ 165,282	(3,443,904)	(3,368,602)
GENERAL REVENUES						
Per Pupil Revenue					4,569,673	4,392,556
Mill Levy Override					950,009	1,001,813
Other					62,694	29,766
Unrestricted State Aid					73,482	-
SPECIAL ITEM						
Assets Contributed from BEST Grant					951,864	2,064,826
TOTAL GENERAL REVENUES					6,607,722	7,488,961
CHANGE IN NET POSITION					3,163,818	4,120,359
NET POSITION, Beginning, Restated					(6,144,833)	(10,272,594)
NET POSITION, Ending					$ (2,981,015)	$ (6,152,235)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	
	2022	2021
ASSETS		
Cash and Investments	$ 1,392,381	$ 1,497,973
Restricted Cash and Investments	1,423,305	1,322,099
Accounts Receivable	13,565	15,335
TOTAL ASSETS	$ 2,829,251	$ 2,835,407
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 52,895	$ 23,879
Unearned Revenue	39,770	34,200
TOTAL LIABILITIES	92,665	58,079
FUND BALANCES		
Restricted for Emergencies	190,398	138,902
Restricted for Debt Service	396,456	1,183,196
Restricted for Construction	836,451	-
Unassigned	1,313,281	1,455,230
TOTAL FUND BALANCES	2,736,586	2,777,328
TOTAL LIABILITIES AND FUND BALANCES		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	8,510,273	7,781,205
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of bonds payable ($6,420,000), accrued interest payable ($112,350), and bond discount, net of amortization of $151,693.	(6,380,657)	(6,505,532)
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of net pension and OPEB liability of ($6,294,369), deferred outflows related to pensions and OPEB of $1,709,155, and deferred inflows related to pensions of ($3,262,003).	(7,847,217)	(10,205,236)
Net position of governmental activities	$ (2,981,015)	$ (6,152,235)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	GENERAL FUND	
	2022	2021
REVENUES		
Local Sources	$ 6,274,233	$ 5,829,573
State Sources	332,649	248,823
TOTAL REVENUES	6,606,882	6,078,396
EXPENDITURES		
Current		
Instruction	4,533,518	2,652,771
Supporting Services	1,530,156	2,480,483
Capital Outlay	-	153,565
Debt Service		
Principal	130,000	120,000
Interest	453,950	462,700
TOTAL EXPENDITURES	6,647,624	5,869,519
BALANCES	(40,742)	208,877
FUND BALANCES, Beginning	2,777,328	2,568,451
FUND BALANCES, Ending	$ 2,736,586	$ 2,777,328

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ (40,742)
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. This is amount capital outlay of $951,864, exceeded depreciation expense of ($222,796).	729,068
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. This is the amortization of bond discount ($7,401), change in accrued interest payable $2,276 and loan payments $130,000.	124,875
Deferred charges related to pension and OPEB are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	2,350,617
Change in Net Position of Governmental Activities	$ 3,163,818

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Mountain Phoenix Community School (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 of the State of Colorado.

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

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any 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 provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, no additional organizations are included in the School's reporting entity.

The School includes the Mountain Phoenix Community School Building Corporation (the "Building Corporation") within its reporting entity. The Building Corporation was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing of the School's facilities. The Building Corporation is included in the activity of the General Fund. Separate financial statements are not available for this entity. The School is a component unit of Jefferson County School District No. R-1.

Government-Wide and Fund Financial Statements

The School financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments 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.

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

Government-Wide and Fund Financial Statements (Continued)

Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

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

The School reports the following major governmental funds:

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

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Unearned Revenues –The unearned revenues include deposits for fees received but not yet available for expenditure until the following year.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

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

Net Position – The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In the General Fund, the School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The balance of the restricted cash in the General Fund is restricted for capital projects. The School has also classified the balance of the Building Corporation Fund as restricted for Debt Service and Construction Costs.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

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

Compensated Absences

The School's policy allows employees to accumulate Paid Time Off (PTO) up to 64 hours. If employment is terminated before the employment agreement has been fulfilled, a payroll adjustment will be made for PTO compensation already provided on a prorated basis based on the days scheduled versus the days worked. This amount is insignificant to the financial statements, therefore, no liability for accumulated PTO is reported in the financial statements.

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 District carries commercial insurance for these risks of loss and bills the School for its portion of coverage. Settled claims have not exceeded insured amount in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

Budgets and Budgetary Accounting

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

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

NOTE 3: ***CASH AND INVESTMENTS***

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

Cash Held by District	$ 1,582,779
Investments	1,232,907
Total Cash and Investments	**$ 2,815,686**

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

Cash and Investments	$ 1,392,381
Restricted Cash and Investments	1,423,305
Total	**$ 2,815,686**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. At June 30, 2022, the School did not have any deposits subject to custodial credit risk.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2022 the School's balance in equity in both restricted and unrestricted pooled cash of the District totaled $1,582,779.

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the School is required to follow the investment policy of the District.

Credit Risk

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

- Obligations of the United States and certain U.S. Government Agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

- Commercial paper
- Local government investment pools
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

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

Interest Rate and Credit Risk Policies

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

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSROs"). At June 30, 2019, the School had $1,232,907 invested in money market funds. The funds invest only in U.S. Treasury obligations and is rated AAAm by Standard and Poor's. These are valued using Level 1 inputs.

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

Restricted Cash and Investments

Cash in the amount of $190,398 is restricted in the General Fund as an emergency reserve related to the TABOR. Investments in the amount of $1,232,907 are restricted for debt service and construction.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2022 is summarized below.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital Asset, Not Depreciated				
Land	$ 830,000	$ -	$ -	$ 830,000
Construction in Process	2,513,142	951,864	-	3,465,006
Total Capital Assets, Not Depreciated	3,343,142	951,864	-	4,295,006
Capital Asset, Depreciated				
Buildings and Improvements	5,761,594	-	-	5,761,594
Equipment	7,248	-	-	7,248
Total Capital Assets, Depreciated	5,786,842	-	-	5,768,842
Accumulated Depreciation				
Buildings and Improvements	1,323,531	222,796	-	1,323,531
Equipment	7,248	-	-	7,248
Total Accumulated Depreciation	1,330,779	222,796	-	1,553,575
Capital Assets, Depreciated, Net	4,438,063	(222,796)	-	4,215,267
Total Capital Assets	**$ 7,781,205**	**$ 729,068**	**$ -**	**$ 8,510,273**

Depreciation has been charged to the Supporting Services Program of the School.

NOTE 5: ***LONG-TERM DEBT***

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

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due In One Year
2012 Revenue Bonds	**$ 6,550,000**	**$ -**	**$ 130,000**	**$ 6,420,000**	**$ 140,000**

NOTE 5: ***LONG-TERM DEBT*** (Continued)

2012 Revenue Bonds

In October 2012, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $6,370,000 in Charter School Revenue Bonds Series 2012. Proceeds from the bonds were loaned to the Corporation for the construction of a middle school and purchase of the School's current facility. In May 2017, the Colorado Educational and Cultural Facilities Authority (CECFA) issued an additional $865,000 of the Charter School Revenue Bonds Series 2012. Proceeds from the amount were loaned to the Corporation for the upstairs renovation of the School's current facility. The School is obligated under a lease agreement to make monthly lease payments to the Corporation for the use of the educational facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at a rate of 7.0% per annum. Interest payments are due semi-annually on April 1 and October 1. Principal payments are due annually on October 1, through 2043.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 140,000	$ 444,500	$ 584,500
2024	150,000	434,350	584,350
2025	160,000	423,500	583,500
2026	170,000	411,950	581,950
2027	185,000	399,525	584,525
2028-2032	1,140,000	1,776,600	2,916,600
2033-2037	1,615,000	1,299,375	2,914,375
2038-2042	2,295,000	620,425	2,915,425
2043	565,000	19,775	584,775
Totals	**$ 6,420,000**	**$ 5,830,000**	**$ 12,250,000**

NOTE 6: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. 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 PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

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

General Information about the Pension Plan (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

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

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

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

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

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

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

General Information about the Pension Plan (Continued)

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

Contributions provisions as of June 30, 2022: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413.

Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**19.88%**

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $684,433 for the year ended June 30, 2022.

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

General Information about the Pension Plan (Continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

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

At June 30, 2022, the School reported a liability of $6,003,897 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$6,003,897
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	$618,401
Total	$6,622,298

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

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

At December 31, 2021, the School proportion was 0.052%, which was a decrease of 0.007% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension income of $1,565,525 and revenue of $73,482 for support from the State as a nonemployer contributing entity.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$229,853	N/A
Changes of assumptions or other inputs	$458,353	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$2,257,286
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$644,010	$896,091
Contributions subsequent to the measurement date	$347,016	N/A
Total	$1,679,232	$3,153,377

$347,016 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	($452,180)
2024	($669,587)
2025	($586,158)
2026	($113,236)

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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 upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the 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, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- 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.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount 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 pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	$8,837,245	$6,003,897	$3,639,574

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

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

Summary of Significant Accounting Policies

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 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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***(Continued)

General Information about the OPEB Plan

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

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

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

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

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

General Information about the OPEB Plan (Continued)

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

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

DPS Benefit Structure
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum 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 HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $34,502 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of $290,472 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.031%, which was a decrease of 0.003% from its proportion measured as of December 31, 2020.

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

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

For the year ended June 30, 2022, the School recognized OPEB income of $77. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of
Difference between expected and actual experience	$443	$68,874
Changes of assumptions or other inputs	$6,014	$15,756
Net difference between projected and actual earnings on OPEB plan investments	N/A	$17,980
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$5,661	$6,016
Contributions subsequent to the measurement date	$17,805	N/A
Total	$29,923	$108,626

$17,805 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	$27,888
2024	$26,058
2025	$26,430
2026	$28,998
2027	$4,157
Thereafter	($17,023)

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

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

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method		Entry age		
Price inflation		2.30%		
Real wage growth		0.70%		
Wage inflation		3.00%		
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation		7.25%		
Discount rate		7.25%		
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy		0.00%		
PERACare Medicare plans		4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029		
Medicare Part A premiums		3.75% in 2021, gradually increasing to 4.50% in 2029		
DPS benefit structure:				
Service-based premium subsidy		0.00%		
PERACare Medicare plans		N/A		
Medicare Part A premiums		N/A		

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

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

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Rx	$633	$230	$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

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

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

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

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

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

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

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
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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 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%.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$282,130	$290,472	$300,135

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

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

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, 2021, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$337,353	$290,472	$250,428

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

NOTE 8: ***RISK OF LOSS***

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 participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The School does not maintain an equity interest in the self-insurance pool. The School funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The School is fully self-insured for unemployment compensation and has a $1,000 deductible for property insurance.

The School continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or School coverages in any of the past three years.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant 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 tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2022, the reserve of $190,398 was recorded as a restriction of fund balance in the General Fund.

NOTE 10: ***FOUNDATION***

The Mountain Phoenix Community School Foundation was created as a separate legal entity responsible for fundraising and providing support to the school. Donations received from the Foundation are reported as donation revenue by the School. As of June 30, 2022, the Foundation had approximately $370,000 available in cash to support the School.

NOTE 11: ***DEFICIT NET POSITION***

The Net Position of the government type activities is in a deficit position of $2,981,015 due to the School including the Net Pension Liability per GASB No. 68.

NOTE 12: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through November 14, 2022. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN PHOENIX COMMUNITY SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	2022 ORIGINAL AND FINAL BUDGET	2022 ACTUAL	2022 VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Local Sources				
Per Pupil Revenue	$ 4,535,070	$ 4,569,673	$ 34,603	$ 4,392,556
Mill Levy Override	949,731	950,009	278	1,001,813
Charges for Services	757,961	684,455	(73,506)	405,438
Donations	-	57,607	57,607	18,022
Other	3,500	12,489	8,989	11,744
State Sources				
Grants and Donations	252,637	332,649	80,012	248,823
TOTAL REVENUES	6,498,899	6,606,882	107,983	6,078,396
EXPENDITURES				
Salaries	3,456,873	3,359,134	97,739	3,083,350
Employee Benefits	1,037,062	1,035,339	1,723	884,751
Purchased Services	1,385,532	1,451,232	(65,700)	976,299
Supplies and Materials	231,950	217,969	13,981	188,854
Property	10,000	-	10,000	153,565
Debt Service				
Principal	130,000	130,000	-	120,000
Interest	453,950	453,950	-	462,700
TOTAL EXPENDITURES	6,705,367	6,647,624	57,743	5,869,519
NET CHANGE IN FUND BALANCE	(206,468)	(40,742)	165,726	208,877
FUND BALANCE, Beginning	-	2,777,328	2,777,328	2,568,451
FUND BALANCE, Ending	$ (206,468)	$ 2,736,586	$ 2,943,054	$ 2,777,328

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net Pension Liability	0.040%	0.044%	0.050%	0.047%	0.051%	0.509%	0.051%	0.058%	0.052%
School's Net Pension Liability	$ 5,143,278	$ 5,913,634	$ 7,642,236	$ 14,113,711	$ 17,952,509	$ 8,580,061	$ 7,639,822	$ 8,812,058	$ 6,003,897
School's covered payroll	$ 1,620,532	$ 1,815,285	$ 2,157,592	$ 2,404,416	$ 2,497,937	$ 2,533,011	$ 3,167,544	$ 3,001,256	$ 3,138,345
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	317.4%	325.8%	354.2%	587.0%	718.7%	338.7%	338.7%	338.7%	338.7%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 207,880	$ 361,772	$ 436,221	$ 506,620	$ 514,468	$ 513,101	$ 650,800	$ 631,066	$ 684,433
Contributions in relation to the Statutorily required contributions	207,880	361,772	436,221	506,620	514,468	513,101	650,800	631,066	684,433
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 1,169,771	$ 1,988,917	$ 2,281,904	$ 2,539,019	$ 2,473,642	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580
Contributions as a percentage of covered payroll	17.77%	18.19%	19.12%	19.95%	20.80%	19.80%	20.55%	21.03%	20.23%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net OPEB Liability	0.040%	0.051%	0.509%	0.033%	0.034%	0.031%
School's proportionate share of the Net OPEB Liability	$ 316,397	$ 409,959	$ 428,523	$ 375,648	$ 320,372	$ 290,472
School's covered employee payroll	$ 2,497,937	$ 2,404,416	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	12.67%	17.05%	16.54%	11.86%	10.67%	8.59%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.40%	32.79%	39.40%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 23,275	$ 25,231	$ 26,428	$ 32,309	$ 30,612	$ 34,502
Contributions in relation to the Statutorily required contributions	23,275	25,231	26,428	32,309	30,612	34,502
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,281,904	$ 2,473,642	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.