RIDGEVIEW CLASSICAL SCHOOLS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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RIDGEVIEW CLASSICAL SCHOOLS
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YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ridgeview Classical Schools
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ridgeview Classical Schools (the School), 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Board of Directors
Ridgeview Classical Schools

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balances – budget and actual – General Fund, schedule of revenues, expenditures, and changes in fund balances – budget and actual – RCS Building Corporation, schedule of the School's proportionate share of the net pension liability, schedule of pension contributions and related ratios, schedule of the School's proportionate share of the net OPEB liability, and schedule of OPEB contributions and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
October 26, 2022

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended June 30, 2022, through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- Total revenues received were approximately $7.9 million. The per-pupil revenue was approximately $7.3 million, which is approximately an 12.65% ($812,035 increase from the prior year.

- The per pupil revenue reflected in these statements include the approximate 2% ($118,657) or $174.47/pupil that is withheld by Poudre School District for general administration services as well as $71,410 ($105/pupil) for special education administration services purchased from Poudre School District by Ridgeview Classical Schools (the School).

- The Schools' overall expenses decreased in fiscal year 2022 as compared to fiscal year 2021, an overall decrease of approximately 15.18%. The total cost, including instructional, operational, and general administration was approximately $4.3 million, which is approximately $3.7 million less than revenues received.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular Ridgeview Classical Schools' (the "School") Board of Directors, and for the general public. The report consists of two parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements which provide additional and more detailed information. The School also includes in this report required supplementary information.

Government-Wide Financial Statements

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

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

The *statement of activities* demonstrates the School's change in net position during the most recent fiscal 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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements include not only Ridgeview Classical Schools itself (known as the *primary government*), but also a blended component unit of the School. Financial information for RCS Building Corporation (RCSBC), a legally separate organization, is for all practical purposes, a part of the Schools and is blended with the primary government.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

Governmental Funds

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports two funds, the general fund and RCSBC which are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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

The School adopts an annual appropriated budget for its general fund, and the building corporation. A budgetary comparison statements have been provided for the general fund and the building corporation on pages 50 and 51, respectively, and page 53 for the building fund.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Custodial Fund

Custodial funds are used to account for resources held for the benefit of parties outside the School. Custodial funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the School's own programs. The accounting used for custodial funds is on the full accrual basis.

The basic custodial fund financial statements can be found on pages 16-17 of this report.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found starting on page 18 of this report.

Government-Wide Financial Analysis

	Governmental Activities	
	2022	2021
Current Assets	$ 3,971,153	$ 2,840,454
Capital Assets	7,460,724	7,708,353
Total Assets	11,431,877	10,548,807
Deferred Outflows of Resources		
Pension Plan	2,205,135	3,605,544
OPEB	49,696	51,874
Total Assets and Deferred Outflows of Resources	13,686,708	14,206,225
Current Liabilities	886,023	849,041
Long-Term Liabilities	11,472,300	14,766,337
Total Liabilities	12,358,323	15,615,378
Deferred Inflows of Resources		
Pension Plan	3,474,605	4,437,846
OPEB	135,698	146,603
Deferred Inflow of Resources - Lease	45,867	-
Gain on Bond Refunding	45,472	48,925
Total Liabilities and Deferred Inflows of Resources	16,059,965	20,248,752
Net Investment in Capital Assets	2,402,971	2,594,043
Restricted	368,388	342,696
Unrestricted	(5,144,616)	(8,979,266)
Total Net Position	$ (2,373,257)	$ (6,042,527)

Total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $2,373,257 at the close of the most recent fiscal year.

The School has investments in capital assets (site improvements, instructional equipment, school and office equipment and computers) in excess debt of $2,402,971. The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. $249,930 of net position is restricted to comply with the TABOR amendment, $34,538 is donor restricted, $83,920 is restricted cash for the Building Corporation. The remaining net position is unrestricted and may be used to meet the School's ongoing obligations.

Governmental activities increased net position by $3,669,270. Key elements of this increase are as follows:

	Governmental Activities	
	2022	2021
REVENUES		
Program Revenues		
Operating Grants and Contributions	$ 336,564	$ 533,871
Capital Grants and Contributions	194,864	198,027
General Revenues		
Per Pupil Operating Revenue	7,229,281	6,417,246
Other Revenues	233,121	595,640
Total Revenues	7,993,830	7,744,784
EXPENSES		
Instructional	2,834,401	3,537,233
Support Services	1,286,204	1,352,389
Interest on Debt	203,955	209,134
Total Expenses	4,324,560	5,098,756
CHANGE IN NET POSITION	3,669,270	2,646,028
Net Position - Beginning of Year	(6,042,527)	(8,688,555)
NET POSITION - END OF YEAR	$ (2,373,257)	$ (6,042,527)

- Per pupil operating revenue increased as a result of more per pupil revenue.
- Expenses decreased due to a decrease in grant related spending.

General Fund

The general fund revenue is based primarily on per pupil revenue. The sources of this revenue are state equalization, property taxes, and specific ownership taxes. The per-pupil revenue and capital construction revenue combined were $7,424,145. The capital construction revenue was approximately 2.4% of total general fund revenue. Rental income was $20,950. There was local grant revenue of $775. Other income was $205,069.

Total expenditures of the general fund were $6,883,955. The expenditures are categorized into instructional, administrative, operations and maintenance and capital outlay. The instructional expenditures account for 67.7% of the total, administrative amount to 25.2%, maintenance and operational and capital outlay represent 6.2%, and debt service expenditures represent 0.86%.

The fund balance of the general fund at the end of fiscal 2022 was $3,289,237. The restricted fund balance of $284,468 is for TABOR and donor restrictions. The increase in fund balance of $1,109,850 is primarily due to increased revenue received for per pupil funding.

See accompanying Notes to Financial Statements.

General Fund Budgetary Highlights

The School approves a budget in January based on enrollment projections for the following school year. The final student count of 680.1 students was noted for the year. For the year ended June 30, 2022, the School's budgeted expenditures exceeded actual by $672,457. Actual revenues exceeded budget by $132,111.

Capital Assets and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2022, amounts to $7,460,724. This investment in capital assets includes instructional buildings, land, equipment, school and office equipment, and computers. The total decrease in School capital assets was $417,078 (5.29%).

The majority of capital assets used by the Schools are owned by RCSBC, a blended component unit. RCSBC holds the land and buildings used as the School facility and lease these facilities to the School under an operating lease with terms, which approximate RCSBC's required debt service obligations.

	2022	2021
Governmental Activities:		
Land	$ 785,000	$ 785,000
Construction in Progress	34,715	216,149
Building	4,021,298	4,527,110
Site Improvements	2,259,097	1,516,700
Other Equipment	247,648	295,029
Leased Assets, Equipment	112,966	-
Net Capital Assets	$ 7,460,724	$ 7,339,988

Additional information on the School's capital assets can be found in Note 4 on page 29 of this report.

Long-Term Debt. The School currently has no debt other than a lease liability of $117,432. RCSBC, however, carries total bonded debt outstanding of $4,894,849. The purpose of RCSBC is to own and finance the building used by the School. The $4,894,849 represents $3,791,214 Series 2014 A Charter School Revenue Bonds and $1,103,635 2014 Series 2014 B Charter School Revenue Bonds.

Additional information on long-term debt and the related facility lease can be found in Note 5 on pages 30-31 of this report.

Economic Factors and Next Year's Budgets

Ridgeview Classical Schools' current school year (2022 – 2023) projection has not changed and will continue to follow in its conservative budgeting practice. We did include the capital construction revenue to the operating budget for this year. The funds are utilized for facility improvement.

Legislation has removed the student instructional spending requirement. The School has consistently and significantly exceeded this requirement in the past and will continue this practice in the future. The same is true for Capital Reserve funds. Even though this requirement was eliminated by the legislature, the School considers this a sound financial practice and will continue to report this funding in the future.

Possible changes to the nation's healthcare system may negatively impact the School and its employees. The School may be forced to make significant changes to its healthcare plan. This could adversely affect the School and its employees.

The School also face rapidly rising employee benefit costs due to mandatory participation in the Colorado Public Employees Retirement Association (PERA). Required employer contributions to PERA are scheduled to rise by approximately 0.5% annually for each of the next two years.

The school is monitoring and anticipating an increase in enrollments for the fiscal year of 2022-2023.

Requests for Information

This financial report is designed to provide the reader with a general overview of the Schools' finances and to demonstrate the School's accountability for the money it receives. Questions about this report or requests for additional information should be directed to the Business Office, Ridgeview Classical Schools, 1800 South Lemay, Fort Collins, Colorado 80525.

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
ASSETS		
Cash and Investments	$	3,671,339
Restricted Cash		196,652
Account Receivable		52,077
Lease Receivable		45,663
Accrued Interest Receivable		204
Prepaid Expense		5,218
Capital Assets, Not Being Depreciated:		
Land		785,000
Construction in Progress		34,715
Capital Assets, Net of Accumulated Depreciation:		
Buildings		4,021,298
Site Improvements		2,259,097
Other Equipment		247,648
Leased Assets		112,966
Total Assets		11,431,877
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension Plan		2,205,135
Related to OPEB		49,696
Total Deferred Outflows of Resources		2,254,831
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable		33,279
Accrued Salaries and Benefits		406,118
Unearned Rental Income		39,328
Accrued Interest Payable		73,404
Noncurrent Liabilities		
Due Within One Year		333,894
Due in More than One Year		4,687,755
Net OPEB Liability		313,091
Net Pension Liability		6,471,454
Total Liabilities		12,358,323
DEFERRED INFLOWS OF NET POSITION		
Related to Pension Plan		3,474,605
Related to OPEB		135,698
Deferred Inflow of Resources - Lease		45,867
Gain Deferred on Bond Refunding		45,472
Total Deferred Inflows of Resources		3,701,642
NET POSITION		
Net Investment in Capital Assets		2,402,971
Restricted		368,388
Unrestricted		(5,144,616)
Total Net Position	$	(2,373,257)

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Program Revenues			Net Revenue (Expenses) Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instructional	$ 2,834,401	$ -	$ 336,564	$ -	$ (2,497,837)
Interest on Debt	203,955	-	-	-	(203,955)
Support Services					
Operations and Maintenance	212,463		-	194,864	(17,599)
General Administration	1,073,741	-	-	-	(1,073,741)
Total Governmental Activities	$ 4,324,560	$ -	$ 336,564	$ 194,864	(3,793,132)
GENERAL REVENUES					
Per Pupil Revenue					7,229,281
Other Income					233,121
Total General Revenues					7,462,402
CHANGE IN NET POSITION					3,669,270
Net Position - Beginning of Year					(6,042,527)
NET POSITION - END OF YEAR					$ (2,373,257)

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	RCS Building Corporation	Total Governmental Funds
ASSETS			
Cash and Investments	$ 3,671,339	$ -	$ 3,671,339
Restricted Cash	-	196,652	196,652
Accounts Receivable	52,077	-	52,077
Lease Receivable	45,663	-	45,663
Accrued Interest Receivable	204	-	204
Prepaid Items	5,218	-	5,218
Total Assets	$ 3,774,501	$ 196,652	$ 3,971,153
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	$ 33,279	$ -	$ 33,279
Unearned Revenue	-	39,328	39,328
Accrued Salaries and Benefits	406,118	-	406,118
Total Liabilities	439,397	39,328	478,725
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow of Resources - Lease	45,867	-	45,867
Total Deferred Inflow of Resources	45,867	-	45,867
FUND BALANCE			
Nonspendable Fund Balance	5,218	-	5,218
Restricted Fund Balance	284,468	157,324	441,792
Committed Fund Balance	174,786	-	174,786
Assigned Fund Balance	63,000	-	63,000
Unassigned Fund Balance	2,761,765	-	2,761,765
Total Fund Balance	3,289,237	157,324	3,446,561
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 3,774,501	$ 196,652	$ 3,971,153

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022

RECONCILIATION TO THE STATEMENT OF NET POSITION

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

Net Fund Balance - Governmental Funds	$ 3,446,561
Capital assets and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets are $13,714,241 and the accumulated depreciation and amortization is $6,253,517.	7,460,724
Long-term liabilities, including loans payable are not due and payable in the Current Period, and therefore, are not reported in the governmental funds	
Bonds Payable	(4,894,849)
Leases Payable	(117,432)
Accrued Interest Payable	(73,404)
Deferred Bond Gain	(45,472)
Accrued Claims Liabilities	(9,368)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the fund.	
Deferred Outflows - Pension	2,205,135
Deferred Outflows - OPEB	49,696
Deferred Inflows - Pension	(3,474,605)
Deferred Inflows - OPEB	(135,698)
	(1,355,472)
Net OPEB Liability	(313,091)
Net Pension Liability	(6,471,454)
Total Net Position (Deficit) of Governmental Activities	$ (2,373,257)

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	RCS Building Corporation	Total Governmental Funds
REVENUES			
Per Pupil Funding	$ 7,229,281	$ -	$ 7,229,281
Capital Construction Funding	194,864	-	194,864
Rental and Lease Income	20,950	471,896	492,846
Federal and State Grant Revenue	335,789	-	335,789
Local Grant Revenue	775	-	775
Other Income	205,069	-	205,069
Interest Income	7,077	25	7,102
Total Revenues	7,993,805	471,921	8,465,726
EXPENDITURES			
Current:			
Instruction	4,663,024	-	4,663,024
Operations and Maintenance	350,762	-	350,762
General Administration	1,738,000	-	1,738,000
Capital Outlay	72,770	-	72,770
Debt Service:			
Principal	52,017	268,386	320,403
Interest and Fiscal Charges	7,382	203,508	210,890
Total Expenditures	6,883,955	471,894	7,355,849
NET CHANGE IN FUND BALANCE	1,109,850	27	1,109,877
Fund Balances - Beginning of Year	2,179,387	157,297	2,336,684
FUND BALANCES - END OF YEAR	$ 3,289,237	$ 157,324	$ 3,446,561

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

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

Net Change in Fund Balance - Governmental Funds	$	1,109,877
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital Outlay		72,770
Capital Asset Addition incorrectly expensed in prior year		14,321
Depreciation and Amortization Expense		(504,169)
		(417,078)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds. However, neither transaction has any effect on net position.		
Principal payments on debt and leases		320,403
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Amortization of Gain on Refunding		3,454
Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		3,481
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Claims Liabilities		(7,632)
Net OPEB Expense		41,839
Net Pension Expense		2,614,926
Changes in Net Position of Governmental Activities	$	3,669,270

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and Investments	$ 133,694
Total Assets	133,694
LIABILITIES	
Due to Others	-
Total Liabilities	-
NET POSITION	
Restricted for:	
Student Activities	133,694
Total Net Position	$ 133,694

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

		Custodial Fund
ADDITIONS		
Contributions:		
Collections for Student Activities	$	157,127
Miscellaneous		
Total Additions		157,127
DEDUCTIONS		
Payments for Student Activities		131,413
Total Deductions		131,413
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION		25,714
Fiduciary Net Position - Beginning of Year		107,980
FIDUCIARY NET POSITION - END OF YEAR	$	133,694

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ridgeview Classical Schools (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within the district. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter schools within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The School began operations in Fall 2001 and is governed by a five-member Board of Directors elected by the school community. The School operates under a charter granted by the Poudre School District (the District) Board of Education. The School's current charter is effective until June 30, 2026. The School is funded based on the level of per pupil revenue (PPR) as defined by the State of Colorado Legislature and the number of full time equivalent (FTE) students. As of the designated count day (October 1, 2020), there were 680.1 students enrolled. The PPR rate for the fiscal year ended June 30, 2022, was $8,521.06.

The accompanying financial statements present the School and its component unit, an entity for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations.

RCS Building Corporation (RCSBC) is a nonprofit corporation organized in 2005 primarily to own and finance the building used by Ridgeview Classical Schools. The School is financially accountable for RCSBC. RCSBC is considered a blended component unit of the School. Separate financials statements are not issued by RCSBC.

The School is a component unit of the District and is included in the District's Annual Comprehensive Financial Report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the activities of the primary government and its blended component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or individuals 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. Other items not included among program revenues are reported instead as general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary fund 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 the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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*. *Measurable* means that the amount of the transaction can be determined. *Available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

On-Behalf Payments – Accounting principles generally accepted in the United States of America require that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the state of Colorado is required to make a payment to PERA each year equal to $225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

The School reports the following major governmental funds:

General Fund: The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue Fund: The RCS Building Corporation is a Special Revenue Fund that accounts for all financial activities associated with the School's ownership and rental of the elementary, middle-school, and high-school facilities.

Additionally, the School reports the following fund types:

Custodial Fund: The Student Activities Fund is used to record financial transactions related to school-sponsored organizations, co-curricular and extra-curricular activities, and special student programs. Student activities are funded primarily through donations, fees, and fundraising activities. The District holds all resources in a purely custodial capacity.

Budgetary Information

The School adopts a legal budget for its General Fund and Building Corporation. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (U.S. GAAP). The level on which expenditures may not legally exceed appropriations is the fund level.

Cash and Investments

Cash and investments include cash on hand, certificates of deposit funds, and treasury bills. Investments are comprised of certificates of deposits and treasury bills, which are carried at fair value.

Restricted Cash

Certain resources set aside for the repayment of debt, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by bond covenants. These assets are generally not available to pay current obligations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased by the School, which include leasehold improvements, computer equipment, playground equipment, furniture and fixtures and office equipment with a cost greater than $5,000, are reported in the government - wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute 29-1-506).

All reported capital assets, except for land and construction in progress, are depreciated. Depreciation on all assets is provided using the straight-line method over estimated useful lives of three to forty years.

Deferred Outflows of Resources

In addition to assets, the statement of financial position 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 that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. The School reports changes in net OPEB liability and changes in net pension liability not included in pension expense reported in the government- wide statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until the time. The School has three items that qualify for reporting in this category. They are charges on bond refundings, changes in net OPEB liability, changes in net position liability, and deferred inflow of resources related to leases reported in the government-wide statement of net position.

Accrued Salaries and Benefits

Salaries of teachers are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from August 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of $406,118.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, fund equity of the School's governmental funds is classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact. The School has $5,218 of nonspendable resources as of June 30, 2022.

Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. The School has $441,792 of restricted resources as of June 30, 2022. This amount consists of $249,930 restricted due to TABOR (see Note 7), $34,538 related to restricted donations, and $157,324 restricted due to the Building Corporation's requirement to bond covenants.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period. The School has $174,786 of committed resources as of June 30, 2022. This amount consists of $174,786 designated by the Board related to future merit pay and health benefits.

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. Amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager. The School has $63,000 in assigned fund balance related to funds for technology purchases.

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. It is the School's policy to use fund balance in the following order: restricted resources, followed by committed, assigned and then unassigned resources.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the debt using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Bond issuance costs are recognized as an expense/expenditure in the reporting period in which they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund statements. The School records prepaid items using the consumption method.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2022. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 5 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 6 for additional information.

Leases

Lessee: The School is a lessee for noncancellable leases of equipment. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor: The School is a lessor for a noncancellable lease of a building. The School recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

At the commencement of a lease, the School initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

NOTE 2 CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of failure of the custodian, the value of the School's deposits or investments may not be returned. Colorado State statutes govern the School's deposit of cash. The Colorado Public Deposit Protection Act (PDPA) requires the School to make deposits only in eligible public depositories as defined by the regulators. Amounts on deposits in excess of federal insurance levels must be collateralized. The PDPA requires the eligible depository with public deposits in excess of the federal insurance levels to create single institution collateral pools for all public funds.

The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. Up to $250,000 of daily deposit balances on hand at banking institutions is covered by federal depository insurance. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Cash and investments as of June 30, 2022 consist of the following:

Investments	$ 1,723,843
Cash Deposits	2,081,190
Restricted Cash and Investments	196,652
Total Cash and Investments	$ 4,001,685

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

Primary Government - Cash and Investments	$ 3,671,339
Primary Government - Restricted Cash	196,652
Fiduciary Funds	133,694
	$ 4,001,685

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

As a requirement of the Charter School Bond agreement, the Special Revenue Fund of the School must maintain bond escrow accounts. These accounts are held by a trustee. Monthly rent payments (Note 4) from the School are made from the accounts. The accounts consist of cash totaling $196,652 at June 30, 2022.

The School is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agency securities and World Bank.
- General obligation and revenue bonds of local government entities.
- Local government investment pools.
- Obligations of the School.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Banker's acceptance of certain banks.
- Commercial paper.
- Certain securities lending agreements.

Interest Rate Risk

State statutes limit the maturity date of U.S. Agency securities to five years from the date of purchase unless the governing board authorized the investment for a period in excess of five years.

Investments as of June 30, 2022 consist of the following:

Investments	Less Than 1 Year	Fair Value
Treasury Bills	$ 1,642,432	$ 1,642,432
MSILF	81,441	81,441
	$ 1,723,873	$ 1,723,873

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. State law further limits 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 (NRSRO). State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more NRSROs.

Investments	Aaa/AA+*	Aaa-mf/AAAm*	Fair Value
Treasury Bills	$ 1,642,432	$ -	$ 1,642,432
MSILF	-	81,411	81,411
	$ 1,642,432	$ 81,411	$ 1,723,843

*Moody's/Standard and Poor's Rating

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Restricted Cash and Investments

Cash and investments of $196,652 have been restricted in the Building Corporation for debt services in accordance with the bond agreements.

Fair Value Measurement

The School categorized 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; and Level 3 inputs are significant unobservable inputs. The School has the following recurring fair value measurements as of June 30, 2022:

Investments	Level 1	Level 2	Level 3	Fair Value
Treasury Bills	$ -	$ 1,642,432	$ -	$ 1,642,432
	$ -	$ 1,642,432	$ -	$ 1,642,432

NOTE 3 LEASE RECEIVABLES

The School, acting as lessor, leases facilities under a long-term, noncancelable lease agreement. The lease expires in 2026. During the year ended June 30, 2022, the School recognized $4,091 and $1,309 in lease revenue and interest revenue, respectively, pursuant to the contract.

Total future minimum lease payments to be received under lease agreements are as follows:

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2023	$ 12,149	$ 2,251	$ 14,400
2024	12,844	1,556	14,400
2025	13,586	814	14,400
2026	7,084	117	7,201
Total Minimum Lease Payments	$ 45,663	$ 4,738	$ 50,401

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 785,000	$ -	$ -	$ 785,000
Construction in Progress	-	34,715	-	34,715
Total Capital Assets, Not Being Depreciated	785,000	34,715	-	819,715
Capital Assets, Being Depreciated:				
Building	8,015,969	-	-	8,015,969
Site Improvements	3,920,657	52,376	-	3,973,033
Other Equipment	736,075	-	-	736,075
Total Capital Assets, Being Depreciated	12,672,701	52,376	-	12,725,077
Lease Assets, Being Amortized:				
Equipment	169,449	-	-	169,449
Total Lease Assets, Being Amortized	169,449	-	-	169,449
Less: Capital Asset Accumulated Depreciation:				
Building	(3,741,765)	(252,906)	-	(3,994,671)
Site Improvements	(1,583,061)	(130,875)	-	(1,713,936)
Other Equipment	(424,522)	(63,905)	-	(488,427)
Total Capital Asset Accumulated Depreciation	(5,749,348)	(447,686)	-	(6,197,034)
Less: Lease Asset Accumulated Amortization:				
Equipment	-	(56,483)	-	(56,483)
Total Lease Asset Accumulated Amortization	-	(56,483)	-	(56,483)
Total Capital Assets, Being Depreciated, Net	6,923,353	(395,310)	-	6,528,043
Total Lease Assets, Being Amortized, Net	169,449	(56,483)	-	112,966
Total Assets	$ 7,877,802	$ (417,078)	$ -	$ 7,460,724

(1) The beginning balance of this footnote was restated due to the implementation of GASB Statement No. 87. Note that there was no restatement of overall net position however due to the offset of the leased asset with the lease liability.

Depreciation

Depreciation and amortization expense of $484,002 was charged to instructional expense, and $20,167 was charged to general administration expense of the School.

NOTE 5 LONG-TERM DEBT

Long-term debt activity for the fiscal year was as follows:

	June 30, 2021 (1)	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Bonds Payable	$ 5,163,235	$ -	$ (268,386)	$ 4,894,849	$ 279,230
Leases Payable	169,449	-	(52,017)	117,432	54,664
Total Bonds Payable	$ 5,332,684	$ -	$ (320,403)	$ 5,012,281	$ 333,894

(1) The beginning balance of this footnote was restated due to the implementation of GASB Statement No. 87. Note that there was no restatement of overall net position however due to the offset of the leased asset with the lease liability.

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds. The bonds were issued for refunding the previously issued 2005A bonds of RCSBC. The Authority and RCSBC have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to RCSBC.

The bonds are payable solely from the loan rights pledged to the Authority under the loan agreement, pledges of funds and revenue by the Trustee to the Authority, and the assignment of the Authority's mortgage on the facility and the security interest in the pledged revenues of RCSBC. The bonds do not constitute a debt of the Authority and are considered the obligation of RCSBC.

RCSBC has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenue is the basis of the pledged revenues. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately $9,500,000. 100% of the lease revenues have been pledged under the agreement.

Following is a summary of long-term debt at June 30, 2022:

Charter school revenue refunding bonds, Series 2014A, due in semiannual installments ranging from $88,000 to $114,000 through August 2024. Interest at 4% and is payable semi-annually on February 15 and August 15. On August 15, 2024, the interest rate will be reset, and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building has been pledged to pay bond principal and interest.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Charter school revenue refunding bonds, Series 2014B, due in semiannual installments ranging from $26,000 to $33,000 through August 2024. Interest at 4% and is payable semi-annually on February 15 and August 15. On August 15, 2024, the interest rate will be reset, and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building has been pledged to pay bond principal and interest.

The annual debt service requirements to amortize all outstanding bonds as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 279,230	$ 192,665	$ 471,895
2024	290,510	177,384	467,894
2025	302,247	169,647	471,894
2026	314,458	157,436	471,894
2027	327,162	144,732	471,894
2028-2032	1,446,270	441,307	1,887,577
2033-2036	1,934,972	197,578	2,132,550
Total	$ 4,894,849	$ 1,480,749	$ 6,375,598

Leases Payable

The School leases equipment (copiers) until 2025 under long-term, noncancelable lease agreements.

Total future minimum lease payments under lease agreements are as follows:

	Governmental Activities		
	Principal	Interest	Total
2023	$ 54,664	$ 5,194	$ 59,858
2024	57,803	2,054	59,857
2025	4,965	23	4,988
Total Minimum Lease Payments	$ 117,432	$ 7,271	$ 124,703

Intra-Entity Lease

Additionally, the School leases its buildings and certain equipment from the Building Corporation. This lease does not fall into the scope of GASB Stmt. No. 87. The building lease agreement requires monthly payments to the Building Corporation, which approximate the required debt service payments and may be terminated in any year by nonappropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense recognized by the School and rental income recognized by the Building Corporation was approximately $472,000 for the year ended June 30, 2022.

The lease includes certain restrictive covenants, which apply to the School related to maintaining specific minimum amounts of unrestricted cash, working capital, and fund balance. The School believes it was in compliance with the covenants at June 30, 2022.

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)

Benefits Provided as of December 31, 2021 (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.

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.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

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[1]	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]	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.88 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411[1]	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411[1]	5.50 %
Total Employer Contribution Rate to the SCHDTF[1]	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 $690,910 for the year ended June 30, 2022.

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 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 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, upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The net pension liability for the SCHDTF was measured 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's proportion of the net pension liability was based on the School's 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 $6,471,454 for its proportionate share of the net pension liability that reflected a reduction for support from the state as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the state as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's Proportionate Share of the Net Pension Liability	$ 6,471,454
State's Proportionate Share of the Net Pension Liability Associated with the School	741,869
Total	$ 7,213,323

At December 31, 2021, the School's proportion was 0.0556092639 percent, which was a decrease of 0.0073855738 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized pension expense of ($2,270,991) and revenue of ($177,343) 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	$ 247,753	$ -
Changes of Assumptions or other Inputs	494,047	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,433,073
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	1,119,400	1,041,532
Contributions Subsequent to the Measurement Date	343,935	-
Total	$ 2,205,135	$ 3,474,605

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)

$343,935 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	$	77,294
2024		(680,902)
2025		(714,474)
2026		(295,323)
2027		-
Thereafter		-

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%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.00% Compounded Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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.

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 (Continued)

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 nondisabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement nondisabled 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 8 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 (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)

Discount Rate (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, 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.

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.

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)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 9,525,450	$ 6,471,454	$ 3,923,007

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.

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.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

Benefits Provided

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

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

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

PERA Benefit Structure

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

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure (Continued)

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

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum 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.

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 $35,449 for the year ended June 30, 2022.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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 $313,091 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 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 proportion was 0.0363086100%, which was a decrease of 0.0001251442% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of ($24,193). At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 477	$ 74,238
Changes of Assumptions or other Inputs	6,482	16,983
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	19,380
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	25,090	25,097
Contributions Subsequent to the Measurement Date	17,647	-
Total	$ 49,696	$ 135,698

$17,647 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in 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,	Amount
2023	$ (33,204)
2024	(33,377)
2025	(26,030)
2026	(8,001)
2027	(2,597)
Thereafter	(440)

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (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:

	Trust Fund			
	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				
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% for 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			

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 are assumed for 2021 for the PERA Benefit Structure.

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

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

The 2021 Medicare Part A premium is $471 per month.

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

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

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

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare	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.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

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

Post-retirement nondisabled 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 nondisabled 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 nondisabled 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 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (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. 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 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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 %	

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%
Proportionate Share of the Net OPEB Liability	$ 304,100	$ 313,091	$ 323,506

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.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Discount Rate (Continued)

- 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.

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%)	Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 363,622	$ 313,091	$ 269,928

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 COMMITMENTS AND CONTINGENCIES

The State of Colorado enacted a constitutional amendment effective December 31, 1992, to limit increases in government revenues. The limitation generally restricts growth in revenue of a governmental entity (excluding enterprise operations) to a base amount plus increases for growth and inflation. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending, excluding bonded debt service. On November 3, 1998, voter approval was given to Poudre School District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 1998.

The 3% emergency reserve is, however, still required both at the District and the School's level. At June 30, 2022, the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance. The reserve at June 30, 2022 was $249,830.

NOTE 9 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Liability for Unsubmitted Claims

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The carrying amount of claim liabilities are stated at anticipated cost for claims expected to be paid during the next year. The estimated claim liability of $9,368 as of June 30, 2022, and $1,736 as of June 30, 2021, represents an estimate of IBNR claims. The following presents the changes in claims liability balances during the fiscal years ended June 30, 2022 and 2021:

Balance June 30, 2021	Claims Incurred	Claims Paid	Balance 6/30/2022
$ 1,736	$ 428,961	$ 421,329	$ 9,368

Balance June 30, 2020	Claims Incurred	Claims Paid	Balance June 30, 2021
$ 14,965	$ 155,158	$ 168,387	$ 1,736

NOTE 10 ADOPTION OF NEW ACCOUNTING STANDARDS

GASB Statement No. 87, Leases

In June 2017, the GASB issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The School adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the School reporting a right-to-use asset and a lease liability disclosed in Note 5 and a lease receivable and deferred inflow of resources disclosed in Note 3.

RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
School's Proportion of the Net Pension Liability	0.055560926%	0.062994838%	0.051552509%	0.053872684%	0.066095174%	0.068265436%	0.068338593%	0.068338593%
School's Proportionate Share of the Net Pension Liability	$ 6,471,454	$ 9,523,549	$ 7,701,833	$ 7,701,833	$ 9,539,265	$ 21,372,830	$ 20,325,260	$ 10,451,906
State's Proportionate Share of the Net Pension Liability associated with the (Entity) **	741,869	-	976,879	976,879	1,304,362	-	-	-
Total	$ 7,213,323	$ 9,523,549	$ 8,678,712	$ 8,678,712	$ 10,843,627	$ 21,372,830	$ 20,325,260	$ 10,451,906
School's Covered Payroll	$ 3,528,018	$ 3,428,683	$ 3,013,443	$ 2,950,458	$ 3,048,892	$ 3,025,893	$ 3,025,893	$ 2,978,180
School's Cumulative Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	183.43%	277.76%	255.58%	261.04%	312.88%	706.33%	671.71%	350.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.90%	67.00%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 690,910	$ 661,345	$ 640,864	$ 548,637	$ 568,572	$ 569,459	$ 552,207	$ 523,863
Contributions in Relation to the Contractually Required Contribution	690,910	661,645	640,864	548,637	568,572	569,459	552,207	523,863
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 3,475,401	$ 3,369,197	$ 3,302,378	$ 2,864,703	$ 3,011,528	$ 3,071,228	$ 3,021,489	$ 2,904,695
Contributions as a Percentage of Covered Payroll	19.88%	19.64%	19.41%	19.15%	18.88%	18.54%	18.28%	18.04%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS

Fiscal Year	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.0363086100%	0.0364337542%	0.0335958550%	0.0350175366%	0.0375550246%	0.0388028800%
School's Proportionate Share of the Collective OPEB Liability	$ 313,091	$ 346,203	$ 377,617	$ 476,428	$ 488,065	$ 503,093
School's Covered Payroll	$ 3,528,018	$ 3,428,683	$ 3,013,433	$ 2,950,456	$ 3,048,892	$ 3,025,893
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.87%	10.10%	12.53%	16.15%	16.01%	16.63%
Plan Fiduciary Net Postion as a Percentage of the Total OPEB Liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS

Fiscal Year Ended (June 30)	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	$ 35,449	$ 34,366	$ 33,684	$ 29,251	$ 30,718	$ 31,327	$ 30,819	$ 29,629
Contributions in Relation to the Satutorily Required Contributions	35,449	34,366	33,684	29,251	30,718	31,327	30,819	29,629
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 3,475,401	$ 3,369,197	$ 3,302,378	$ 2,864,703	$ 3,011,528	$ 3,071,228	$ 3,021,489	$ 2,904,695
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

RIDGEVIEW CLASSICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual Amount	Variances Over (Under)
REVENUE			
Per Pupil Funding	$ 7,076,807	$ 7,229,281	$ 152,474
Capital Construction Funding	183,234	194,864	11,630
Federal and State Grant Revenue	459,153	335,789	(123,364)
Local Grant Revenue	-	775	775
Interest Income	7,500	7,077	(423)
Other Revenue	135,000	226,019	91,019
Total Revenue	7,861,694	7,993,805	132,111
EXPENDITURES			
Current			
Instruction	4,196,714	4,663,024	(466,310)
Operations and Maintenance	321,600	350,762	(29,162)
General Administration	2,854,864	1,738,000	1,116,864
Capital Outlay	183,234	72,770	110,464
Debt Service			
Principal	-	52,017	(52,017)
Interest and Fiscal Charges	-	7,382	(7,382)
Total Expenditures	7,556,412	6,883,955	672,457
NET CHANGE IN FUND BALANCE	305,282	1,109,850	804,568
Fund Balance - Beginning of Year	2,265,954	2,179,387	(86,567)
FUND BALANCE - END OF YEAR	$ 2,571,236	$ 3,289,237	$ 718,001

See note to required supplementary information.

RIDGEVIEW CLASSICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
RCS BUILDING CORPORATION
YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual Amount	Variances Over (Under)
REVENUE			
Rental Income	$ -	$ 471,896	$ 471,896
Interest Income	-	25	25
Total Revenue	-	471,921	471,921
EXPENDITURES			
Debt Service			
Principal	-	268,386	(268,386)
Interest and Fiscal Charges	-	203,508	(203,508)
Total Expenditures	-	471,894	(471,894)
NET CHANGE IN FUND BALANCE	-	27	943,815
Fund Balance - Beginning of Year	-	157,297	157,297
FUND BALANCE - END OF YEAR	$ -	$ 157,324	$ 157,324

See note to required supplementary information.

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (U.S. GAAP). The School adopts a legal budget for its general fund. All appropriations lapse at year-end. The RCS Building Corporation did not legally adopt a budget for the year ended June 30, 2022. As such, total expenditures exceed appropriations by $471,894. This may be a violation of Colorado budget law.

The level on which expenditures may not legally exceed appropriations is the fund level. Expenditures may not exceed the appropriation levels for legally adopted budgets. Revisions to an appropriation require approval by the Board at a public meeting, with prior published notice of the proposed change.

Budget amounts included in the financial statements are based on the final general fund budget as approved by the Board on January 20, 2022.

NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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

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

- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

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

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees,

RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%
- The price inflation assumption was lowered from 3.50% to 2.80%
- The wage inflation assumption was lowered from 4.25% to 3.90%

NOTE 3 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2022 Changes in benefit terms and actuarial assumptions

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.

- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

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

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

- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.