INDEPENDENCE ACADEMY

FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Independence Academy
Grand Junction, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Independence Academy (the "Academy"), a component unit of Mesa County Valley School District 51, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Independence Academy as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 42-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The individual fund schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

September 28, 2022

Management's Discussion and Analysis
Independence Academy Charter School
June 30, 2022

As management of Independence Academy Charter School (IACS or Academy), we offer readers of Independence Academy Charter School's financial statements, this narrative overview and analysis of the financial activities of IACS for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

- Total assets of IACS at the close of the fiscal year was $17,118,912 *(total assets 2022).*

- The IACS total net position for June 30, 2022 was $1,188,894

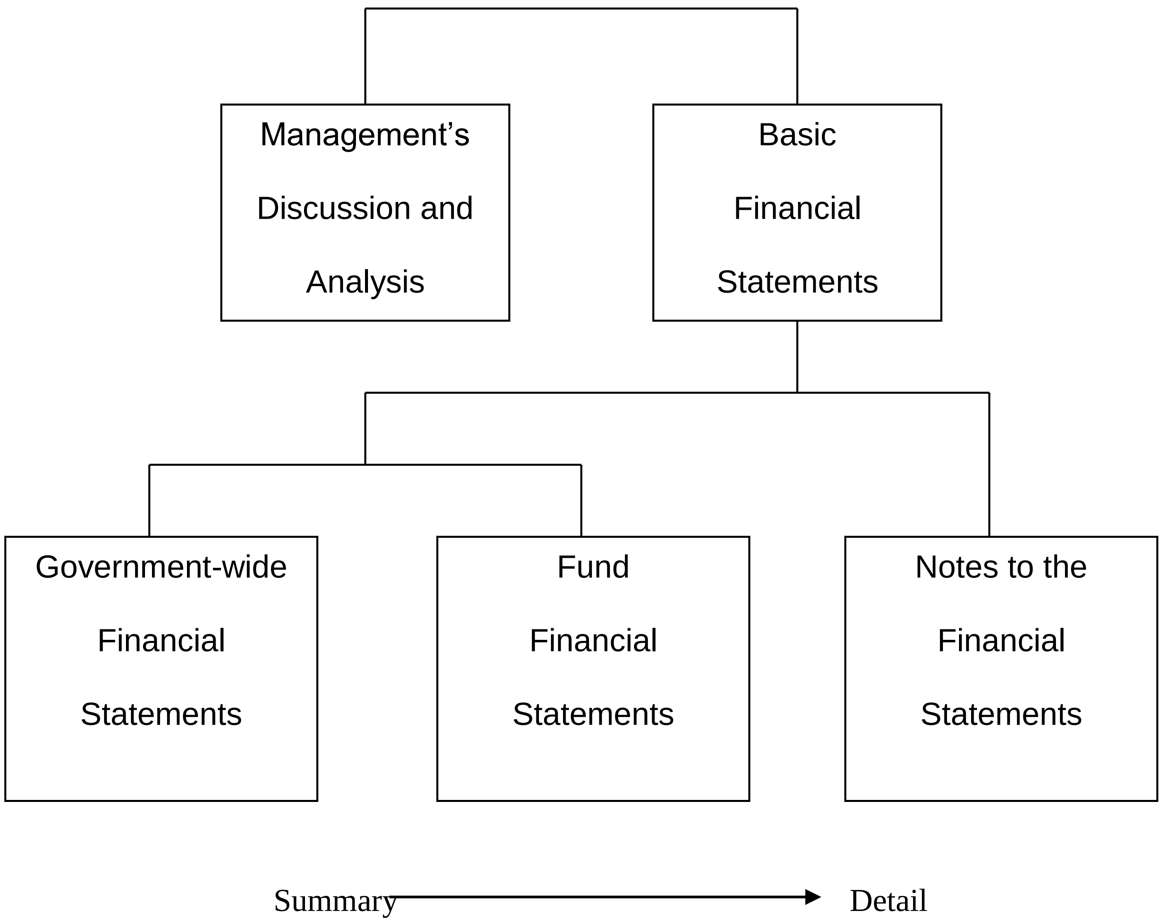
- As of the close of the current fiscal year IACS' governmental funds reported combined ending fund balances of $5,916,613 a decrease of $733,026. In 2021, bond funds, that were used to complete our capital project after June 2021, was calculated into fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to IACS's basic financial statements. The Academy's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Academy through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of IACS.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 1 and 2) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the Academy's financial status.

The next statements (Pages 3 and 4) are fund financial statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the budgetary information for the school.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Academy's finances, similar in format to a financial statement of a private sector business. The government-wide statements provide short and long-term information about the Academy's financial status as a whole.

The two government-wide statements report the Academy's net position and how they have changed. Net Position is the difference between the Academy's total assets and total liabilities. Measuring net position is one way to gauge the Academy's financial condition.

The government-wide financial statements are on pages 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Academy's most significant activities on a fund accounting basis. 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. IACS uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Academy's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Academy's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Academy reports two major governmental funds, the general fund and the building corporation.

IACS adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the Academy in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the Academy to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the Academy has complied with the budget ordinance and whether or not the Academy has succeeded in providing the services as planned when the budget was adopted.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 7 of this report.

Government-Wide Financial Analysis

- As noted earlier, net position may serve over time as one useful indicator of the Academy's financial condition. The Academy's decrease in net position for fiscal year ended June 30, 2022 is $733,026. The decrease is due to 2021 bond funds, that were used to complete our capital project after June 2021, was calculated into fund balance.

BASIC FINANCIAL STATEMENTS

Deferred Outflows of Resources		
Related to Pensions	1,223,889	1,878,405
Related to OPEB	51,583	36,087
Total Outflow of Resources	1,275,472	1,914,492
Liabilities		
Accounts Payable and Other Current	171,480	66,407
Due to Agency Fund	-	35,859
Due to District	36,755	275,609
Accrued Expenses	-	-
Unearned Revenue	44,098	31,084
Accrued Salaries and Benefits	113,326	114,817
Accrued Interest Payable	32,166	71,708
Noncurrent Liability - Due in One Year	315,000	130,000
Noncurrent Liability - More than One Year	11,683,025	11,987,826
Noncurrent Liability - Net Pension Liability	3,304,477	4,295,674
Noncurrent Liability - Net Pension Liability	159,872	156,047
Total Liabilities	15,860,199	17,165,031
Deferred Inflows of Resources		
Related to Pensions	1,274,359	1,828,805
Related to OPEB	70,932	50,251
Total Inflow of Resources	1,345,291	1,879,056
Net Position		
Net Investment in Capital Assets	91,282	1,158,410
Restricted for Emergencies/Debt Service	1,399,667	2,280,920
Unrestricted	(302,055)	(2,275,194)
Total Net Position	1,188,894	1,164,136

Statement of Activities
For the Years Ended June 30, 2021 and June 30, 2020
Governmental Activities

	June 30, 2022	June 30, 2021
Revenues		
Program Revenues		
Grants and Contributions	$ -	$ -
General Revenues		
Per Pupil Revenue	3,752,140	3,262,930
Other Local Revenue	15,326	1,680
Mill Levy	304,248	297,723
Capital Contribution from District	-	-
Interest	984	7,923
Total revenues	3,991,456	3,570,256
Expenditures/expenses		
Current		
Instruction	-1,374,010	-5,938
Support Services	-1,980,962	-1,980,962
Interest and Other Fiscal Charges	-341,547	-320,330
Total Expenses	-2,307,230	-2,307,230
Increase (Decrease) in Net Position	24,758	1,263,026
Net Position, Beginning, Restated	1,164,136	-98,890
Net Position, End of Year	$1,188,894	$1,164,136

Financial Analysis of the Academy's Funds

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

Governmental Funds. The focus of the IACS's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing IACS's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2022 fiscal year, unassigned fund balance of the General Fund was $4,663,946 while total fund balance for all governmental funds reached $5,916,613. The

Academy is required by statute to keep an emergency reserve, which was $125,000 as of June 30, 2022.

General Fund Budgetary Highlights

IACS budgeted for General Fund expenditures of $5,070,859 for the year ended June 30, 2022. Actual expenditures were $4,537,146, showing $533,713 below budgeted expenditures.

Capital Asset and Debt Administration

Capital assets. Total capital assets net of accumulated depreciation was $4,634,489 at June 30, 2021, and $10,186,020 at June 30, 2022.

Long-term Debt.

2014 Bonds Payable
In August 2014, the Colorado Educational and Facilities Authority (CECFA) issued $5,740,000 Charter School Revenue Bonds, Series 2014. Proceeds from the bonds were used to construct the Academy's educational facility. The Academy is required to make lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 2% to 4.15% per year. Interest payments are due semi-annually on March 1 and September 1 and principal payments are due annually on September 1 starting in 2016.

Bonds maturing on September 1, 2034 and thereafter are subject to mandatory sinking fund redemption beginning September 1, 2024. The bonds mature in September, 2044.

2020 Bonds Payable
In July 2020, the Colorado Educational and Facilities Authority (CECFA) issued $7,255,000 Charter School Revenue Bonds, Series 2020. Proceeds from the bonds were used to construct the Academy's educational facility. The Academy is required to make lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 2% to 3.5% per year. Interest payments are due semi-annually on March 1 and September 1 and principal payments are due annually on September 1 starting in 2021 the bonds mature on September 1, 2050.

Economic Factors/Future Trends

The following key economic indicators were considered in the Academy's budget:

- Continued uncertainty in the economy and State Budget process
- Retention of the 2022-2023 enrollment numbers
- Continued impact of COVID on local economy

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Executive Director, Independence Academy, 675 29 Road, Grand Junction, CO 81504, ph. 970-254-6850.

INDEPENDENCE ACADEMY

STATEMENT OF NET POSITION
As of June 30, 2022

	GOVERNMENTAL ACTIVITIES	
	2022	2021
ASSETS		
Cash and Investments	$ 4,926,998	$ 4,725,899
Restricted Cash and Investments	1,252,667	2,155,920
Due from District	77,302	275,871
Due from Agency Fund	22,824	-
Accounts Receivable	100	1,240
Prepaid Expenses	3,263	14,485
Capital Assets, Not Depreciated	650,620	6,485,827
Capital Assets, Depreciated, Net of Accumulated Depreciation	10,186,020	4,634,489
TOTAL ASSETS	17,119,794	18,293,731
DEFERRED OUTFLOW OF RESOURCES		
Related to Pensions	1,223,889	1,878,405
Related to OPEB	51,583	36,087
TOTAL OUTFLOW OF RESOURCES	1,275,472	1,914,492
LIABILITIES		
Accounts Payable	171,480	66,407
Due to Agency Fund	-	35,859
Due to District	36,755	275,609
Unearned Revenue	44,098	31,084
Accrued Salaries and Benefits	113,326	114,817
Accrued Interest Payable	32,166	71,708
Noncurrent Liabilities		
Due in One Year	315,000	130,000
Due in More Than One Year	11,683,025	11,987,826
Pension Liability	3,304,477	4,295,674
OPEB Liability	159,872	156,047
TOTAL LIABILITIES	15,860,199	17,165,031
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	1,274,359	1,828,805
Related to OPEB	70,932	50,251
TOTAL INFLOW OF RESOURCES	1,345,291	1,879,056
NET POSITION		
Net Investment in Capital Assets	91,282	1,158,410
Restricted for Emergencies	147,000	125,000
Restricted for Debt Service	1,252,667	2,155,920
Unrestricted, Unreserved	(301,173)	(2,275,194)
TOTAL NET POSITION	$ 1,189,776	$ 1,164,136

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

INDEPENDENCE ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position	
			Operating Grants and	Capital Grants and	Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Services	Contributions	Contributions	2022	2021
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	$ 1,794,426	$ 152,444	$ 268,855	$ -	$ (1,373,127)	$ (5,938)
Supporting Services	2,465,840	-	-	213,527	(2,252,313)	(1,980,962)
Interest and Other Fiscal Charges	341,547	-	-	-	(341,547)	(320,330)
Total Governmental Activities	$ 4,601,813	$ 152,444	$ 268,855	$ 213,527	(3,966,987)	(2,307,230)
		GENERAL REVENUES				
		Per Pupil Revenue			3,752,140	3,262,930
		Mill Levy			304,248	297,723
		Interest			984	7,923
		Other			16,497	1,680
		Unrestricted State Aid			(81,242)	-
		TOTAL GENERAL REVENUES			3,992,627	3,570,256
		CHANGE IN NET POSITION			25,640	1,263,026
		NET POSITION, Beginning			1,164,136	(98,890)
		NET POSITION, Ending			$ 1,189,776	$ 1,164,136

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

INDEPENDENCE ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	BUILDING CORPORATION	TOTALS 2022	TOTALS 2021
ASSETS				
Cash and Investments	$ 4,926,998	$ -	$ 4,926,998	$ 4,725,899
Restricted Cash and Investments	-	1,252,667	1,252,667	2,155,920
Due from Agency Fund	22,824	-	22,824	-
Accounts Receivable	100	-	100	1,240
Due from District	77,302	-	77,302	275,871
Prepaid Expenses	3,263	-	3,263	14,485
TOTAL ASSETS	$ 5,030,487	$ 1,252,667	$ 6,283,154	$ 7,173,415
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 171,480	$ -	$ 171,480	$ 66,407
Due to Agency Fund	-	-	-	35,859
Due to District	36,755	-	36,755	275,609
Unearned Revenues	44,098	-	44,098	31,084
Accrued Salaries and Benefits	113,326	-	113,326	114,817
TOTAL LIABILITIES	365,659	-	365,659	523,776
FUND BALANCES				
Nonspendable	3,263	-	3,263	14,485
Restricted for Emergencies	147,000	-	147,000	125,000
Restricted for Debt Service	-	1,252,667	1,252,667	2,155,920
Unassigned	4,514,565	-	4,514,565	4,354,234
TOTAL FUND BALANCES	4,664,828	1,252,667	5,917,495	6,649,639
TOTAL LIABILITIES AND FUND BALANCES	$ 5,030,487	$ 1,252,667		

Amounts reported for governmental activities in the statement of net position are different because:	2022	2021
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	10,836,640	11,120,316
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable ($12,535,000), bond discount $276,975, and accrued interest payable ($32,166)	(12,030,191)	(12,189,534)
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability ($3,304,477) deferred outflows related to pensions $1,223,889, deferred inflows related to pensions ($1,274,359), net OPEB liability ($159,872), deferred outflows related to OPEB $51,583, and deferred inflows related to OPEB ($70,932).	(3,534,168)	(4,416,285)
Net position of governmental activities	$ 1,189,776	$ 1,164,136

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

INDEPENDENCE ACADEMY

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

	GENERAL FUND	BUILDING CORPORATION	TOTALS 2022	TOTALS 2021
REVENUES				
Local Sources	$ 4,225,873	$ 674,144	$ 4,900,017	$ 4,169,277
State Sources	214,787	-	214,787	-
Federal Sources	267,595	-	267,595	1,114,797
TOTAL REVENUES	4,708,255	674,144	5,382,399	5,284,074
EXPENDITURES				
Current				
Instruction	2,324,273	-	2,324,273	1,495,255
Supporting Services	1,890,205	-	1,890,205	2,276,838
Debt Service				
Principal	-	130,000	130,000	125,000
Interest	-	391,288	391,288	320,330
Capital Outlay	323,840	1,054,937	1,378,777	5,918,560
TOTAL EXPENDITURES	4,538,318	1,576,225	6,114,543	10,135,983
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	169,937	(902,081)	(732,144)	(4,851,909)
OTHER FINANCING SOURCES (USES)				
Proceeds from the Issuance of Debt	-	-	-	7,003,770
Transfers In	1,172	-	1,172	4,664
Transfer Out	-	(1,172)	(1,172)	(4,664)
TOTAL OTHER FINANCING SOURCES (USES)	1,172	(1,172)	-	7,003,770
NET CHANGE IN FUND BALANCES	171,109	(903,253)	(732,144)	2,151,861
FUND BALANCES, Beginning	4,493,719	2,155,920	6,649,639	4,497,778
FUND BALANCES, Ending	$ 4,664,828	$ 1,252,667	$ 5,917,495	$ 6,649,639

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

INDEPENDENCE ACADEMY

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

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

Net change in fund balances - total governmental funds	$	(732,144)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation ($460,174) exceeded capital outlay $176,498 in the current period.		(283,676)
Repayment of long-term is an expenditure in the governmental funds, but repayment of principal reduces long-term liabilities in the statement of net position. This is the bond principal paymment $130,000, amortization of the bond discount ($20,398), and change in accrued interest $49,741.		159,343
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.		882,117
Change in net position of governmental activities	$	25,640

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

INDEPENDENCE ACADEMY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2022

	Agency Fund
ASSETS	
Cash and Investments	$ 415,929
Due from General Fund	-
Due from Others	1,341
TOTAL LIABILITIES	$ 417,270
LIABILITIES	
Due to Student Groups	$ 393,087
Due to General Fund	22,824
Due to Others	1,359
TOTAL LIABILITIES	$ 417,270

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

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

The Independence Academy (the "Academy") was formed in 2002 under the Charter Schools Act. The Academy is governed by a five-member Board of Directors. The accounting policies of Independence Academy conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provided benefits to, or imposes financial burdens on the Academy.

Based upon the application of these criteria, the following organizations is included within the Academy's reporting entity.

Independence Academy Building Corporation

The Independence Academy Building Corporation (the "Building Corporation") is considered to be financially accountable to the Academy. The Building Corporation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the Academy's facilities. The Building Corporation is blended into the Academy's financial statements as a Debt Service Fund. Separate financial statements are not available for the Building Corporation.

The Academy is a component unit of the Mesa County Valley School District 51.

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Academy reports the following major governmental fund:

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

Debt Service Fund - This fund is used to account for all financial activity of the School's Building Corporation.

Additionally, the Academy reports the following fund type:

The *Agency Fund* is used to account for resources used to support the school's student and fundraising activities. The Academy holds all resources in a purely custodial capacity.

Deferred Outflows/Inflows of Resources

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

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are reported at fair value.

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

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 assets lives are not capitalized.

Property and equipment of the Academy is depreciated using the straight line method over the following estimated useful lives.

Buildings	20- 30 years
Equipment	5 - 15 years
Leasehold Improvements	10 years

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

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

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

Net Position - The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* includes the Academy's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Academy typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

- *Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Academy reports classifies prepaid expenses as nonspendable as of June 30, 2022.

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

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

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

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

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

The Academy would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy purchases commercial insurance policies for these risks of loss. Settled claims have not exceeded any coverage in the last three years.

Comparative Data

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

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

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

Budgets and Budgetary Accounting

A Budget is adopted for the General Fund and Debt Service Fund on a basis consistent with generally accepted accounting principles. The Director submits to the Board a proposed budget for the fiscal year commencing the following July1. The budget is adopted by the Board prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

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

Cash and investments at June 30, 2022, consists of the following:

Deposits	$ 6,394,989
Investments	200,605
Total	**$ 6,595,594**

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

Governmental Activities- Unrestricted	$ 4,926,998
Governmental Activities- Restricted	1,252,667
Fiduciary Funds	415,929
Total	**$ 6,595,594**

Deposits

Custodial Credit Risk – Deposits

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

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

Deposits (Continued)

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Academy had deposits with financial institutions with a carrying amount of $6,394,989. The bank balances with the financial institutions were $6,410,520. Of these balances, $554,930 was covered by federal depository insurance and $5,855,590 was covered by collateral held by the authorized agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

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

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

Investments (Continued)

Local Government Investment Pools

The Academy had invested $200,605 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Restricted Cash

Cash in the amount of $1,252,667 is restricted for debt service in the Debt Service Fund.

NOTE 4: *CAPITAL ASSETS*

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

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital Assets, Not Depreciated				
Land	$ 650,620	$ -	-	$ 650,620
Construction in Process	5,835,207	-	5,835,207	-
Total Capital Assets, Not Depreciated	6,485,827	-	5,835,207	650,620
Capital Assets, depreciated				
Building	5,977,619	6,005,148	-	11,982,767
Equipment	208,492	6,557	-	215,049
Total Capital Assets, depreciated	6,186,111	6,011,705	-	12,197,816
Accumulated Depreciation				
Buildings	1,404,603	442,985	-	1,847,588
Equipment	147,019	17,189	-	164,208
Total Accumulated Depreciation	1,551,622	460,174	-	2,011,796
Total Capital Assets, Depreciated, Net	$ 4,634,489	$ 5,551,531	$ -	$ 10,186,020
Net Capital Assets	**$ 11,120,316**	**$ 5,551,531**	**$ (5,835,207)**	**$ 10,836,640**

Depreciation has been charged to the Supporting Services program of the Academy.

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

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

	Balance 6/30/21	Additions	Payments	Balance 6/30/22	Due In One Year
2014 Bonds	$ 5,150,000	$ -	$ 130,000	$ 5,020,000	$ 135,000
Bond Discount	(35,944)	-	(1,563)	(34,408)	-
2020 Bonds	7,255,000	-	-	7,255,000	180,000
Bond Discount	(251,230)	-	(8,663)	(242,567)	-
Total	**$ 12,117,826**	**$ -**	**$ 119,801**	**$ 11,998,025**	**$ 315,000**

2014 Bonds Payable

In August 2014, the Colorado Educational and Facilities Authority (CECFA) issued $5,740,000 Charter School Revenue Bonds, Series 2014. Proceeds from the bonds were used to construct the Academy's educational facility. The Academy is required to make lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 2% to 4.15% per year. Interest payments are due semi-annually on March 1 and September 1 and principal payments are due annually on September 1 starting in 2016.

Bonds maturing on September 1, 2034 and thereafter are subject to mandatory sinking fund redemption beginning September 1, 2024. The bonds matures in September, 2044.

2020 Bonds Payable

In July 2020, the Colorado Educational and Facilities Authority (CECFA) issued $7,225,000 Charter School Revenue Bonds, Series 2021. Proceeds from the bonds were used to construct an educational facility. The Academy is required to make lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 2% to 3.5% per year. Interest payments are due semi-annually on March 1 and September 1 and principal payments are due annually on September 1 starting in 2016. The bonds mature on September 1, 2050.

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

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 315,000	$ 385,987	$ 700,987
2024	325,000	374,187	699,187
2025	335,000	364,687	699,687
2026	345,000	354,886	699,886
2027	355,000	344,912	699,912
2028-2032	1,930,000	1,560,835	3,490,835
2033-2037	2,245,000	1,237,318	3,482,318
2038-2042	2,645,000	835,160	3,480,160
2043-2047	2,435,000	367,274	2,802,274
2048-2051	1,345,000	93,638	1,438,638
Total	**$ 12,275,000**	**$ 5,918,884**	**$ 18,193,884**

NOTE 6: *ACCRUED SALARIES AND BENEFITS*

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $113,326. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 7: *INTERFUND BALANCES AND TRANSFERS*

During the year ended June 30, 2022 the Debt Service Fund transferred $1,172 to the General Fund related to excess funding.

NOTE 8: *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 8: ***DEFINED BENEFIT PENSION PLAN***(Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $384,058 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 (actual dollars) direct distribution each year to PERA starting on July 1, 2018.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN***(Continued)

General Information about the Pension Plan (Continued)

A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

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

At June 30, 2022, the School reported a liability of $3,304,477 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$3,304,477
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	$339,856
Total	$3,680,333

At December 31, 2021, the School proportion was 0.0284%, which was a decrease of 0.00002% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension expense of $510,604 support from the State as a nonemployer contributing entity.

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)

AtJune 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	$126,509	N/A
Changes of assumptions or other inputs	$252,272	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$1,242,384
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$650,744	$31,975
Contributions subsequent to the measurement date	$194,364	N/A
Total	$1,223,889	$1,274,359

$194,364 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	$310,875
2024	($107,499)
2025	($297,412)
2026	($150,798)

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

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

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

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

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

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

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

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

NOTE 8: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

Post-retirement non-disabled 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)

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 8: ***<u>DEFINED BENEFIT PENSION PLAN</u>***(Continued)

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

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

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

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

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

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

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

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.

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)

Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the the School 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	$4,863,919	$3,304,477	$2,003,180

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 9: ***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 the School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA.

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

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

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.

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

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

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 $19,704 for the year ended June 30, 2022.

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

At June 30, 2022, the School reported a liability of $159,872 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 the School proportion of the net OPEB liability was based on the School contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School proportion was 0.01854%, which was an increase of 0.00212% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of $27,350. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of
Difference between expected and actual experience	$244	$37,908
Changes of assumptions or other inputs	$3,310	$18,241
Net difference between projected and actual earnings on OPEB plan investments	N/A	$9,896
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$38,057	$4,887
Contributions subsequent to the measurement date	$9,972	N/A
Total	$51,583	$70,932

$9,972 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

Year ended June 30, 2022:	
2023	($4,662)
2024	($3,656)
2025	($7,324)
2026	($5,002)
2027	($1,072)
2028	($7,605)

NOTE 9: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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.

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Disabled mortality assumptions for 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 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$155,281	$159,872	$165,190

NOTE 9: ***<u>DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN</u>*** (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.

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

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

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

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

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

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

NOTE 9: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$185,674	$159,872	$137,832

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 10: ***SIGNIFICANT COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

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

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The Academy believes it is in compliance with the requirements of the Amendment.

The Amendment requires state and local governments to establish an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2022, the Academy reserved $147,000 to meet this requirement.

NOTE 11: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through September 28, 2022. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENCE ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	2022				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 3,740,563	$ 3,868,082	$ 3,752,140	$ (115,942)	$ 3,262,930
Mill Levy	328,375	347,452	304,248	(43,204)	297,723
Tuition and Fees	90,000	90,000	152,444	62,444	89,937
Interest	-	-	544	544	5,017
Other	132,120	103,120	16,497	(86,623)	1,680
State Sources					
Grants and Donations	151,600	186,600	214,787	28,187	-
Federal Sources					
Grants and Donations	683,150	683,150	267,595	(415,555)	1,114,797
TOTAL REVENUES	5,125,808	5,278,404	4,708,255	(570,149)	4,772,084
EXPENDITURES					
Salaries	2,000,000	2,000,000	2,021,166	(21,166)	1,766,353
Employee Benefits	630,000	684,000	761,748	(77,748)	611,172
Purchased Services	643,000	683,049	345,558	337,491	1,170,445
Supplies and Materials	741,668	751,060	1,003,948	(252,888)	181,967
Property	209,600	209,600	323,840	(114,240)	354,924
Other	688,150	743,150	82,058	661,092	42,156
TOTAL EXPENDITURES	4,912,418	5,070,859	4,538,318	532,541	4,127,017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	213,390	207,545	169,937	(37,608)	645,067
Transfers In	-	-	1,172	1,172	4,664
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,172	1,172	4,664
NET CHANGE IN FUND BALANCE	213,390	207,545	171,109	(36,436)	649,731
FUND BALANCE, Beginning	3,901,308	4,469,870	4,493,719	23,849	3,843,988
FUND BALANCE, Ending	$ 4,114,698	$ 4,677,415	$ 4,664,828	$ (12,587)	$ 4,493,719

See the accompanying independent auditors' report.

INDEPENDENCE ACADEMY

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

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net Pension Liability	0.0180%	0.0184%	0.0197%	0.0224%	0.0243%	0.0230%	0.0217%	0.0217%	0.0284%
School's proportionate share of the Net Pension Liability	$ 2,299,377	$ 2,492,184	$ 3,013,670	$ 6,668,309	$ 7,849,434	$ 4,066,847	$ 3,251,276	$ 4,295,674	$ 3,340,477
State of Colorado Proportionate Share of the Net Pension Liability associated with the School	-	-	-	-	-	556,085	412,383	-	339,856
Total portion of the Net Pension Liability associated with the School	2,299,377	2,492,184	3,013,670	6,668,309	7,849,434	4,622,932	3,663,659	4,295,674	3,680,333
School's covered payroll	$ 726,737	$ 770,322	$ 858,719	$ 1,005,197	$ 1,119,743	$ 1,262,640	$ 1,395,395	$ 1,619,337	$ 1,931,874
School's proportionate share of t he Net Pension Liability as a percentage of its covered payroll	316.4%	323.5%	350.9%	663.4%	701.0%	366.1%	262.6%	265.3%	190.5%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	43.96%	57.01%	64.52%	66.99%	74.86%

See the accompanying independent auditors' report.

INDEPENDENCE ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 127,245	$ 141,592	$ 179,981	$ 204,163	$ 227,910	$ 236,927	$ 270,426	$ 321,773	$ 321,773	$ 384,058
Contributions in relation to the Statutorily required contributions	127,245	141,592	179,981	204,163	227,910	236,927	270,426	321,773	321,773	384,058
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 748,498	$ 791,031	$ 953,990	$ 1,052,094	$ 1,206,606	$ 1,238,513	$ 1,262,640	$ 1,619,337	$ 1,931,874	$ 1,937,874
Contributions as a percentage of covered payroll	17.00%	17.90%	18.87%	19.41%	18.89%	19.13%	21.42%	19.87%	16.66%	19.82%

See the accompanying independent auditors' report.

INDEPENDENCE ACADEMY

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

Years Ended December 31,

	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net OPEB Liability	0.0127%	0.0138%	0.0149%	0.0142%	0.0164%	0.0185%
School's proportionate share of the Net OBEB Liability	$ 165,055	$ 179,242	$ 203,115	$ 159,807	$ 156,047	$ 159,872
School's covered payroll	$ 1,005,197	$ 1,119,743	$ 1,262,640	$ 1,395,395	$ 1,619,337	$ 1,931,874
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	16.4%	16.0%	16.1%	11.5%	9.6%	8.3%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.49%	32.78%	39.40%

See the accompanying independent auditors' report.

INDEPENDENCE ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022
Statutorily required contributions	$ 10,731	$ 12,307	$ 12,633	$ 14,234	$ 16,518	$ 19,704
Contributions in relation to the Statutorily required contributions	10,731	12,307	12,633	14,234	16,518	19,704
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 1,052,094	$ 1,206,606	$ 1,238,513	$ 1,395,490	$ 1,619,337	$ 1,931,874
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL SCHEDULES

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INDEPENDENCE ACADEMY

BUILDING CORPORATION
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	2022				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Investment Income	$ -	$ -	$ 440	$ 440	$ 2,906
Rent Revenue	715,060	715,060	673,704	(41,356)	509,084
TOTAL REVENUES	715,060	715,060	674,144	(40,916)	511,990
EXPENDITURES					
Debt Service					
Principal	130,000	130,000	130,000	-	125,000
Interest	585,060	585,060	391,288	193,772	320,330
Capital Outlay	-	-	1,054,937	(1,054,937)	5,563,636
TOTAL EXPENDITURES	715,060	715,060	1,576,225	(861,165)	6,008,966
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(902,081)	(902,081)	(5,496,976)
OTHER FINANCING SOURCES (USES)					
Proceeds from the Issuance of Debt	-	-	-	-	7,003,770
Transfer Out	-	-	(1,172)	(1,172)	(4,664)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,172)	(1,172)	6,999,106
NET CHANGE IN FUND BALANCE	-	-	(903,253)	(903,253)	1,502,130
FUND BALANCE, Beginning	653,790	2,155,919	2,155,920	1	653,790
FUND BALANCE, Ending	$ 653,790	$ 2,155,919	$ 1,252,667	$ (903,252)	$ 2,155,920

See the accompanying independent auditors' report.

INDEPENDENCE ACADEMY

AGENCY FUND - PUPIL ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2022

	BALANCE JULY 1, 2021	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2022
ASSETS				
Cash	$ 324,711	$ 91,218	$ -	$ 415,929
Due from General Fund	35,859	-	35,859	-
Due from Others	1,973	-	632	1,341
TOTAL ASSETS	$ 362,543	$ 91,218	$ 36,491	$ 417,270
LIABILITIES				
Accounts Payable -				
Due to Student Groups	$ 362,543	$ 30,544	$ -	$ 393,087
Due to General Fund	-	22,824	-	22,824
Due to Others	-	1,359	-	1,359
TOTAL LIABILITIES	$ 362,543	$ 54,727	$ -	$ 417,270

See the accompanying independent auditors' report.