Georgetown Community School
Financial Report

June 30, 2023

Georgetown Community School
June 30, 2023

Table of Contents

M & A

MCMAHAN AND ASSOCIATES, L.L.C.
Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. BOX 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgetown Community School
Georgetown, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Georgetown Community School (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The School's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section B in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Georgetown Community School
Georgetown, CO

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements taken as whole. The Colorado Department of Education Auditor's Electronic Data Integrity Check Figures listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the finance statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
November 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Georgetown Community School (A component unit of the Clear Creek School District RE 1, of Clear Creek County, Colorado)
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2023

As management of Georgetown Community School (the School), we offer readers of the School's basic financial statements this narrative and analysis of the financial activities of the School as of and for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the basic financial statements.

Financial Highlights

The year that ended June 30, 2023 is the seventeenth year of operations for the School. As of June 30, 2023, net position has improved by $135,672 over the prior year. The ending net position was a negative ($786,714) due to the implementation of the Governmental Accounting Standards Board Statement (GASB) 68, a pension standard and GASB 75, Other Post-Employment Benefits (OPEB). The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). State Per Pupil Revenue (PPR) for the year was $896,093. The General Fund ending fund balance at June 30, 2023 was $807,510 reflecting an increase of $566 or .1%.

Overview of Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The School maintains one governmental fund, the General Fund.

The School adopts an annual budget for the General fund. Budgetary comparisons have been provided for the General fund on page E1 in the required supplementary information to demonstrate compliance with the budget.

Notes to Basic Financial Statements

The notes on pages D1 through D27 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. As of June 30, 2023, the School's liabilities and deferred inflows exceeded assets and deferred outflows by $786,714 (a negative net position). $43,681 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The unrestricted net position balance is a negative ($921,891) due to the implementation of GASB 68 and GASB 75.

Net position as of June 30, 2023 and 2022 is as follows:

	2023	2022
Assets		
Cash and Investments	$ 839,202	$ 734,650
Due from District	103,140	196,443
Prepaid Items	1,375	1,406
Capital Assets, Net of Depreciation	91,496	99,600
Total Assets	1,035,213	1,032,099
Deferred Outflows of Resources – Pensions/OPEB	329,125	237,926
Liabilities		
Accounts Payable	44,348	24,235
Unearned Revenue	-	39,096
Accrued Salaries and Benefits	91,859	62,224
Accrued Compensated Absences	107,900	49,867
Loan Payable – Due in One Year	-	-
Net Pension and OPEB Liability	1,557,499	1,229,664
Total Liabilities	1,801,606	1,405,086
Deferred Inflows of Resources – Pensions/OPEB	349,446	787,325

Net Position		
Investment in Capital Assets	91,496	99,600
Restricted for Emergencies	43,681	42,442
Restricted for PPP Expenditures	-	-
Unrestricted	(921,891)	(1,064,428)
Total Net Position	$ (786,714)	$ (922,386)

Change in net position for the years ended June 30, 2023 and 2022 are as follows:

	2023	**2022**
Revenues		
Program Revenues		
Charges for Services	$ 39,896	$ 46,066
Operating Grants and Contributions	188,445	276,128
Capital Grants and Contributions	16,677	14,440
Total Program Revenues	245,018	336,634
General Revenues		
Per Pupil Revenue	896,093	909,276
Mill Levy Revenue	338,021	349,263
Forest Service Revenue	-	48,870
Earnings on Investments	19,961	1,593
Other	11,882	-
Total General Revenues	1,265,957	1,309,002
Total Revenues	1,510,975	1,645,636
Expenditures/Expenses		
Instruction	787,724	518,601
School Administration	587,579	437,980
Other Operating Expenditures	-	-
Total Expenses	1,375,303	956,581
Increase (decrease) in Net Position	135,672	689,055
Net Position, Beginning of Year	(922,386)	(1,611,441)
Net Position, End of Year	$ (786,714)	$ (922,386)

Financial Analysis of the School's Funds

The School has one governmental fund, the General Fund. The General Fund is considered a major fund and is used to account for the School's general operations. The General Fund began the year with a positive fund balance of $806,944. Ending Fund Balance increased by $566 due to operating within the constraints of the existing budget.

General Fund Budgetary Highlights

The School budgeted General Fund expenditures of $1,618,470 for the year ended June 30, 2023. Actual expenditures were $1,562,023. Overall, revenue decreased from the prior year by $115,193 or 6.9%. General Fund expenditures increased 1.8% or by $28,302 over the prior year.

There were two budget amendments for the General Fund during the year, with the final resolution passing in June increasing the revised appropriation from $1,471,298 to $1,618,470, or 10%.

Capital Assets and Debt Administration

The School leases its school facility and land under an operating agreement with the District at no cost other than utilities. The term of the agreement coincides with the School's charter renewal and expires in June, 2025. The School had no debt as of 6/30/23.

The School had net capital assets of $91,496 at 6/30/23. Total depreciation taken in FY23 was $8,104.

Economic Factors, Next Year's Budget, Student Counts

The primary factor driving the budget for the School is student enrollment. The following is a twelve-year historical enrollment summary:

FY	FPC	PK	K-8	Total	Student % CHG.
FY12	98.9	18	106	124	
FY13	99.3	18	106	124	0.00%
FY14	87.3	18	94	112	-9.68%
FY15	85.0	22	90	112	0.00%
FY16	88.8	25	98	123	9.82%
FY17	108.0	31	113	144	17.07%
FY18	102.4	28	110	138	-4.17%
FY19	87.7	34	94	128	-7.25%
FY20	85.0	22	85	107	-16.41%
FY21	90.0	15	90	105	-1.87%
FY22	88.0	18	88	106	0.95%
FY23	79.0	15	79	94	-11.32%

As anticipated, with the FY22 enrollment landing at 88 the General Fund Balance increased 21.7%. With the rebound in Colorado's economy since the Statewide economic slowdown in 2020, PPR has increase significantly the last few years. PPR for FY22 increased to $9,695.99 from $8,816.36 in FY21 or a 9.98% increase. FY23 PPR increased to $10,480.56 or 8.1%. FY24 PPR increased again to $11,647.96 or 11.1%. It is likely future PPR increases will mirror inflation as the Colorado economy continues to grow and normalize. The Governor's budget released November 1st proposed to eliminate the budget stabilization factor and projects PPR to increase 6.29% on average or approximately $12,371 for Clear Creek School District.

Requests for Information

The financial report is designed to provide a general overview of the School's finances for all those with an interest in the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Georgetown Community School, P.O. Box 129, Georgetown, Colorado 80444.

GOVERNMENT-WIDE FINANCIAL STATEMENTS / FUND FINANCIAL STATEMENTS

GEORGETOWN COMMUNITY SCHOOL
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	839,202
Due from other governments	103,140
Prepaid expenses	1,375
Capital assets, net of accumulated depreciation	91,496
Total Assets	1,035,213
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferred outflows	321,429
Post-employment health benefits related deferred outflow	7,696
Total deferred outflows of resources	329,125
LIABILITIES	
Current liabilities:	
Accounts payable	44,348
Accrued payroll and related liabilities	91,859
Accrued compensated absences	107,900
Total current liabilities	244,107
Noncurrent liabilities:	
Net pension liability	1,506,178
Net OPEB liability	51,321
Total noncurrent liabilities	1,557,499
Total liabilities	1,801,606
DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflows	320,163
Post-employment health benefits related deferred inflow	29,283
Total deferred inflows of resources	349,446
NET POSITION	
Net investment in capital assets	91,496
Restricted for:	
Emergencies	43,681
Unrestricted	(921,891)
Total net position	(786,714)

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

GEORGETOWN COMMUNITY SCHOOL
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Change in Net Position — Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Governmental:					
Current:					
Instruction	787,724	39,896	188,445	16,677	(542,706)
Support services	587,579	-	-	-	(587,579)
Total Primary Government	1,375,303	39,896	188,445	16,677	(1,130,285)

General revenues:	
Per pupil revenue	896,093
District mill levy	338,021
Grants and contributions not restricted to specific programs	11,882
Investment income	19,961
Total general revenues, transfers, and special item	1,265,957
Change in net position	135,672
Net position, beginning	(922,386)
Net position, ending	(786,714)

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

GEORGETOWN COMMUNITY SCHOOL
Balance Sheet
June 30, 2023

	General Fund
Assets:	
Cash and investments	839,202
Accounts receivable, net of allowance	
Due from other governments	103,140
Prepaid expenses	1,375
Total Assets	943,717
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	44,348
Accrued payroll and related liabilities	91,859
Total Liabilities	136,207
Fund Balance:	
Non-spendable	1,375
Restricted for:	
Emergencies	43,681
Unassigned	762,454
Total Fund Balance	807,510
Total Liabilities and Fund Balance	943,717

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

Total Fund Balance of the Governmental Fund	807,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	91,496
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of compensated absences not currently payable.	(107,900)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Net pension liability	(1,506,178)
Pension-related deferred outflows of resources	321,429
Pension-related deferred inflows of resources	(320,163)
Net OPEB liability	(51,321)
OPEB-related deferred outflows of resources	7,696
OPEB-related deferred inflows of resources	(29,283)
Total Net Position of Governmental Activities	(786,714)

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

GEORGETOWN COMMUNITY SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	General Fund
Revenues:	
Per pupil funding	896,093
District mill levy	338,021
Tuition and fees	39,896
Investment income	19,961
Contributions from private sources	460
State sources	103,768
Federal sources	152,968
Student activities	8,260
Other	3,162
Total Revenues	1,562,589
Expenditures:	
Instruction	885,250
Support services	662,871
Capital outlay	13,902
Total Expenditures	1,562,023
Excess (Deficiency) of Revenues over Expenditures	566
Fund Balance:	
Beginning of the Year	806,944
End of the Year	807,510

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

GEORGETOWN COMMUNITY SCHOOL
Reconciliation of Governmental Funds Statement of Revenues, Expenses and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2023

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

Net Change in Fund Balance of the Governmental Fund	566
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts are as follows:	
Depreciation expense	(8,104)
Accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(58,033)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.	
Net pension liability	(333,152)
Pension-related deferred outflows of resources	92,143
Pension-related deferred inflows of resources	(944)
Net OPEB liability	5,317
OPEB-related deferred outflows of resources	435,789
OPEB-related deferred inflows of resources	2,090
Change in Net Position of Governmental Activities	135,672

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Georgetown Community School (the “School”) was formed in 2006 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Clear Creek School District (the “District”) in the State of Colorado, and was incorporated in the State of Colorado as a non-profit organization, pursuant to the articles of incorporation dated January 23, 2006. The School is governed by a Board of Directors consisting of parents who are residents and employed in the county. Five of the Directors are elected by staff and parents, and the other two Directors may be appointed by the elected Directors.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the School are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the School, and (b) organizations for which the School is financially accountable. The School is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the School. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the School. Organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the School is not financially accountable for any other organization. The School is included in the District’s reporting entity because of the nature and significance of their operational and financial relationships with the District. The School’s financial transactions are reported within the District’s financial statements as a discretely presented component unit.

B. School-wide and Fund Financial Statements

1. School-wide Financial Statements

The School’s basic financial statements include both School-wide (financial activities of the overall School) and fund financial statements (reporting the School’s major funds). Both the School-wide and fund financial statements categorize primary activities as either governmental or business type. The School does not have any business-type activities, only governmental activities. Governmental activities generally are financed through per pupil revenue allocations from the State Department of Education, fees charged for services, intergovernmental revenues, and other non-exchange transactions.

In the school-wide Balance Sheet / Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School’s net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

The School-wide focus is on the sustainability of the School as an entity and the change in the School’s net position resulting from the current year’s activities.

I. Summary of Significant Accounting Policies (continued)

B. School-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures / expenses. The fund focus is on current available resources and budget compliance.

The School reports the following major governmental fund:

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the school-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The School fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Investments

Cash and investments are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

The School uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful.

4. Capital Assets

Capital assets, which include buildings and improvements, furniture, fixtures, and equipment, are reported in the school-wide financial statements. The School defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair 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 the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Buildings and improvements, furniture, fixtures and equipment are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Buildings and improvements	25 - 50
Furniture, fixtures and equipment	5 - 20

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Deferred Grant Revenue

Deferred grant revenues include grant funds that have been collected but the corresponding expenditures have not been incurred.

6. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the school-wide financial statements. No liability is recorded for non-vesting accumulating rights.

7. Long-term Obligations

In the school-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. In the fund financial statements, the School records the face amount of debt issued as other financing sources.

8. 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.

9. Defined Benefit Other Post Employment Benefit (OPEB) Plan

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 and additions to/deductions from the fiduciary net position 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.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Deferred Inflows of Resources and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The School has two items that qualifies for reporting in this category, the pension and OPEB related deferred outflows reported in the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has two items that qualify for reporting in this category, the pension and OPEB related deferred inflows reported in the statement of net position. See Note IV (E) and Note IV (F) below for discussion on pension related and OPEB related deferred outflows and inflows.

11. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV (G).

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the School's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of School-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the School-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the School-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the School followed the required timetable noted below in preparing, approving, and enacting its budget for 2023.

1. The proposed budget was submitted to the Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.

2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.

3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

B. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The School has reserved a portion of its June 30, 2023 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of $43,681.

The School’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits and Investments

The School's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the School's deposits at each financial institution. All deposit balances over $250,000 are collateralized as required by PDPA.

The deposits and investments held by the School at June 30, 2023, were as follows:

			Maturities	
	Standard and Poor's Rating	Carrying Amounts	Less than One Year	One to Five Years
Deposits:				
Petty Cash	Not rated	$ 500	$ 500	$ -
Checking	Not rated	254,431	254,431	-
Pools	AAAm	584,271	584,271	-
		$ 839,202	$ 839,202	$ -

Investments Measured at Net Asset Value	Total
Colotrust	$ 416,192

Investments Measured at Amortized Cost	Total
Csafe	$ 168,079

Credit Risk – State statutes authorize the School to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain bankers acceptances, local government investment pools, money market funds and certificates of deposit. The School's policy is to restrict investments to only those permitted by state statute.

Colorado statutes specify instruments in which local governments may invest, including:

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

Concentration Risk – Investment diversification is utilized to avoid unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The School's investments consist entirely of certificates of deposit within three financial institutions. However, these deposits are made with varied maturity dates and are collateralized for amounts over insured limits as required under Colorado State Statutes.

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk – Colorado Revised Statutes limit the School's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates. The School's investment policy is to follow the State Statute in order to reduce interest rate risk.

Pools - The School's holdings in investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to $1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The School has no regulatory oversight for the pools. Investment balances in the pools are not subject to limitations or restrictions on withdrawals.

B. Receivables

Receivables as of year-end for the School's funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund
Current Receivables:	
Due from district	$ 103,140
Gross receivables	103,140
Less: Allowance for uncollectible	-
Total	$ 103,140

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Improvements and equipment	$ 138,939	-	-	$ 138,939
Total capital assets, being depreciated	138,939	-	-	138,939
Less accumulated depreciation for:				
Improvements and equipment	$ (39,339)	(8,104)	-	$ (47,443)
Total accumulated depreciation	(39,339)	(8,104)	-	(47,443)
Total Capital Assets, Net	$ 99,600	(8,104)	-	$ 91,496

IV. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

The School's depreciation expense for the year ended June 30, 2023 was as follows:

Function:		
Support services	$	8,104
Total Depreciation	$	8,104

D. Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued compensated absences	$ 49,867	58,033	-	$ 107,900	-
Net unfunded pension liability	1,173,026	333,152	-	1,506,178	-
Net unfunded OPEB liability	56,638	-	(5,317)	51,321	-
	$ 1,229,664	333,152	(5,317)	$ 1,557,499	-

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

Plan Description: Eligible employees of the School are provided with pensions through the School Division Trust Fund (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 comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (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 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contribution provisions as of June 30, 2023: Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11 percent of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
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	10.38%
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	**20.38%**

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 $141,209 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

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

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

At June 30, 2023, the School reported a liability of $1,506,178 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity.

The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	1,506,178
The State's proportionate share of the pension liability as a nonemployer contributing entity associated with the School	339,873
Total	$ 1,846,051

At December 31, 2022, the School proportion was 0.00827%, as compared to its proportion of 0.01008% measured as of December 31, 2021.

Pension Expense: For the year ended June 30, 2023, the School recognized pension expense (credit) of $(246,394) and revenue (expense) of $(51,614) for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 14,254	$ -
Changes of assumptions or other inputs	26,679	-
Net difference between projected and actual earnings on pension plan investments	202,335	-
Changes of assumptions or other inputs		
Changes in proportionate share of contributions	3,653	(320,163)
Contributions subsequent to the measurement date	74,508	-
	$ 321,429	$ (320,163)

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

$74,508 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, 2024. 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:		
2024	$	(165,473)
2025		(71,896)
2026		46,439
2027		117,688
Total	$	(73,242)

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 - 11.00 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 and DPS Benefit Structure (compounded annually)	1.00 percent
PERA Benefit Structure hired prior to 12/3/06[1]	Financed by the Annual Increase Reserve

[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 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.

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the 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, 2021, 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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%**	

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

IV. Detailed Notes on all Funds (continued)

E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	$ 1,971,069	$ 1,506,178	$ 1,117,946

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

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

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

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for 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 percent 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.

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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 basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent 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 percent 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 $7,067 for the year ended June 30, 2023.

Liabilities. At June 30, 2023, the School reported a liability for Other Post-Employment Benefits (“OPEB”) of $51,321 or its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The School proportion of the net OPEB liability was based on School contributions to the Health Care Trust Fund (“HCTF”). for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School proportion was 0.00629%, as compared to its proportion of 0.00657% measured as of December 31, 2021.

For the year ended June 30, 2023, the School incurred other post-employment benefit expense (credit) of $(6,463). At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6	$ (12,410)
Change of assumptions or other inputs	826	(5,664)
Net difference between projected and actual earnings on plan investments	3,134	-
Changes in proportionate share of contributions	-	(11,208)
Contributions subsequent to measurement date	3,729	-
	$ 7,695	$ (29,282)

$3,729 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB related expense as follows:

Year Ended June 30,	Amortization
2024	$ (8,142)
2025	(7,830)
2026	(5,259)
2027	(1,683)
2028	(1,975)
2029	(427)
	$ (25,316)

IV. Detailed Notes on all Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

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

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 (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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. 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.

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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. 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:

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

provisions.

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were 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.

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%**	

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of the OPEB Liability	59,495	51,321	44,328

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

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

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

IV. Detailed Notes on all Funds (continued)

F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Proportionate Share of the OPEB Liability	$59,495	$51,321	$44,328

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

G. Fund Balances

The School classifies governmental fund balances as follows:

Non-spendable. includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, etc.

Spendable:

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Education.
- Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

IV. Detailed Notes on all Funds (continued)

G. Fund Balances (continued)

The School governmental funds had the following equity designations at June 30, 2023:

	Balance		Reason
Non-spendable	$	1,375	Prepaids
Restricted		43,681	TABOR
Unassigned		762,454	Unassigned
Total	$	807,510	

V. Other Information

A. Defined Contribution Pension Plan

Plan Description. Employees of the School who are members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available annual comprehensive financial report for the Plan. That report may be obtained online at www.copera.org/investments/pera-financial-reports.

Funding Policy. Voluntary Investment Program is fund by voluntary member contributions up to a maximum limit set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) plan member contributions from the School for the year ended June 30, 2023.

B. Risk Management

Risk of Loss. The School is exposed to various risks of loss related to workers' compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The School has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance

Pupil Counts. Each year the School submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The School believes its pupil count information is accurate and any adjustment would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

GEORGETOWN COMMUNITY SCHOOL
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023				2022
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Per pupil funding	852,863	895,964	896,093	129	909,276
District mill levy	313,846	338,000	338,021	21	349,263
Tuition and fees	39,200	40,200	39,896	(304)	48,886
Investment income	450	20,000	19,961	(39)	1,593
Contributions from private sources	250	856	460	(396)	40
State sources	84,045	121,545	103,768	(17,777)	109,247
Federal sources	48,044	149,905	152,968	3,063	213,467
Student activities	16,700	8,000	8,260	260	19,929
Other	33,862	44,000	3,162	(40,838)	26,081
Total Revenues	1,389,260	1,618,470	1,562,589	(55,881)	1,677,782
Expenditures:					
Instruction:					
Salaries	498,012	606,600	590,909	15,691	533,108
Employee benefits	158,749	185,797	217,222	(31,425)	176,217
Purchased services	46,575	46,575	23,843	22,732	21,677
Supplies	32,508	60,008	53,276	6,732	75,109
Property and other	-	-	-	-	6,811
Total Instruction	735,844	898,980	885,250	13,730	812,922
Support services:					
Salaries	179,200	179,200	184,201	(5,001)	166,888
Employee benefits	73,447	79,947	84,021	(4,074)	73,832
Purchased services	335,094	348,194	339,024	9,170	310,733
Supplies	35,800	52,800	51,746	1,054	121,995
Property and other	29,875	59,349	17,781	41,568	47,352
Total Support services	653,416	719,490	676,773	42,717	720,800
Total Expenditures	1,389,260	1,618,470	1,562,023	56,447	1,533,722
Net Change in Fund Balance	-	-	566	566	144,060
Fund Balance - Beginning of the Year	722,979	806,869	806,944	75	662,884
Fund Balance - End of the Year	722,979	806,869	807,510	641	806,944

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

GEORGETOWN COMMUNITY SCHOOL
Schedule of the School's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

	2022	2021	2020	2019	2018
School's proportion of the net pension liability	0.0083%	0.0101%	0.0120%	0.0119%	0.0121%
School's proportionate share of the net pension liability	$ 1,506,178	$ 1,173,026	$ 1,808,212	$ 1,771,256	$ 2,137,495
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the School	339,873	120,642	-	284,600	292,273
Total proportionate share of the net pension liability associated with the School	$ 1,846,051	$ 1,293,668	$ 1,808,212	$ 2,055,856	$ 2,429,768
School's covered payroll	$ 637,834	$ 645,088	$ 639,349	$ 696,693	$ 699,608
School's proportionate share of the net pension liability as a percentage of its covered payroll	236%	182%	283%	254%	306%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	66.99%	66.99%	64.50%	57.00%

	2017	2016	2015	2014	2013
School's proportion of the net pension liability	0.0134%	0.0125%	0.0116%	0.0122%	0.0131%
School's proportionate share of the net pension liability	$ 4,329,319	$ 3,728,764	$ 1,773,439	$ 1,648,393	$ 1,674,350
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the School	-	-	-	-	-
Total proportionate share of the net pension liability associated with the School	$ 4,329,319	$ 3,728,764	$ 1,773,439	$ 1,648,393	$ 1,674,350
School's covered payroll	$ 617,589	$ 562,066	$ 505,325	$ 509,515	$ 526,569
School's proportionate share of the net pension liability as a percentage of its covered payroll	701%	663%	351%	324%	318%
Plan fiduciary net position as a percentage of the total pension liability	44.00%	43.10%	59.20%	62.80%	64.10%

GEORGETOWN COMMUNITY SCHOOL
Schedule of the School Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

	2023	2022	2021	2020	2019
Contractually required contributions	$ 141,209	$ 123,199	$ 131,289	$ 130,689	$ 134,416
Contributions in relation to the contractually required contribution	(141,209)	(123,199)	(131,289)	(130,689)	(134,416)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 692,880	$ 619,592	$ 660,352	$ 674,348	$ 699,608
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.21%

	2018	2017	2016	2015	2014
Contractually required contributions	$ 119,132	$109,534	$100,393	$87,770	$85,513
Contributions in relation to the contractually required contribution	(119,132)	(109,534)	(100,393)	(87,770)	(85,513)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 631,030	$595,864	$535,451	$490,753	$502,800
Contributions as a percentage of covered payroll	18.88%	18.38%	18.75%	17.88%	17.01%

The accompanying notes to RSI are an integral part of these financial statements.

GEORGETOWN COMMUNITY SCHOOL
Schedule of School's Proportionate Share of the Net Other Post-Employment Benefit Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2022	2021	2020	2019	2018
School's proportion of the net Other Post-Employment Benefit liability	0.00629%	0.00657%	0.00692%	0.00770%	0.00790%
School's proportionate share of the net Other Post-Employment Benefit liability	51,321	56,638	65,718	87,091	106,754
School's covered payroll	637,834	645,088	639,349	696,693	699,608
School's proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	8.0%	8.8%	10.3%	12.5%	15.3%
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	38.57%	32.78%	32.78%	24.50%	17.00%

	2017	2016
School's proportion of the net Other Post-Employment Benefit liability	0.00760%	0.00710%
School's proportionate share of the net Other Post-Employment Benefit liability	98,863	92,292
School's covered payroll	617,589	$ 562,066
School's proportionate share of the net Other Post-Employment Benefit liability as a percentage of its covered payroll	16.0%	16.4%
Plan fiduciary net position as a percentage of the total Other Post-Employment Benefit liability	17.50%	16.70%

* The amounts presented for each fiscal year were determined as of
occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

GEORGETOWN COMMUNITY SCHOOL
Schedule of School Other Post-Employment Benefit Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019
Contractually required contributions	$ 7,067	$ 6,321	$ 6,736	$ 6,878	$ 7,136
Contributions in relation to the contractually required contribution	$ (7,067)	$ (6,321)	$ (6,736)	$ (6,878)	$ (7,136)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 692,880	$ 619,592	$ 660,352	$ 674,348	$ 699,608
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

	2018	2017
Contractually required contributions	$ 6,437	$ 6,078
Contributions in relation to the contractually required contribution	$ (6,437)	$ (6,078)
Contribution deficiency (excess)	$ -	$ -
School's covered payroll	$ 631,030	$ 595,864
Contributions as a percentage of covered payroll	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

Georgetown Community School
Notes to Required Supplementary Information
June 30, 2023

I. Schedule of School's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2021 actuarial valuation:

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

2. Changes since the December 31, 2020 actuarial valuation:

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

3. Changes since the December 31, 2019 actuarial valuation:

- The price inflation assumption was lowered from 2.4% to 2.30%.
- The wage inflation assumption was lowered from 3.5% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 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.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables descried above are generational mortality tables on a head-count weighted basis.

4. Changes since the December 31, 2018 actuarial valuation:

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

5. Changes since the December 31, 2017 actuarial valuation:

- The single equivalent interest rate ("SEIR") was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

I. Schedule of School's Proportionate Share of the Net Pension Liability (continued)

A. Changes to assumptions or other inputs (continued)

6. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate ("SEIR") was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

7. Changes since the December 31, 2015 actuarial valuation:

- The investment return assumption was lowered from 7.50% to 7.25%
- The wage inflation assumption was lowered from 3.90% to 3.50%
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, or males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The single equivalent interest rate (the "SEIR") for the SCHDTF was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate
- The SEIR for the DPS Division was lowered from 7.50% to 7.25%, reflecting the change in the long-term expected rate of return.

8. Changes Since the December 31, 2014 actuarial valuation:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

I. Schedule of School's Proportionate Share of the Net Pension Liability (continued)

A. Changes to Assumptions or Other Inputs (continued)

8. Changes Since the December 31, 2014 Actuarial Valuation are as Follows (continued):

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

II. Notes to the Schedule of School Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

III. Schedule of School's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Notes to the Schedule of School OPEB Contributions

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2021 actuarial valuation:

- The timing of the retirement decrement was adjusted to middle-of-year.

2. Changes since the December 31, 2020 actuarial valuation:

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

3. Changes since the December 31, 2019 actuarial valuation:

Changes since the December 31, 2019 to the Health Care Trust Fund actuarial valuation are the same as the changes to the School Division Trust Fund noted in Note I.A.3 above.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

SUPPLEMENTARY INFORMATION

Colorado Department of Education

Auditors Integrity Report

District: 0540 - Clear Creek RE-1
Fiscal Year 2022-23
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental					
10	General Fund	7,793,763	10,201,985	10,762,240	7,233,509
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	94,324	94,324	0
	Sub- Total	7,793,763	10,296,309	10,856,564	7,233,509
11	Charter School Fund	806,944	1,562,589	1,562,024	807,509
20,26-29	Special Revenue Fund	0	0	0	0
06	Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07	Total Program Reserve Fund	0	0	0	0
21	Food Service Spec Revenue Fund	147,796	256,876	334,142	70,530
22	Govt Designated-Purpose Grants Fund	0	1,459,540	1,459,540	0
23	Pupil Activity Special Revenue Fund	323,888	345,661	309,525	360,024
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	1,980,123	2,589,558	2,521,100	2,048,581
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	39,128,099	1,507,627	5,987,336	34,648,389
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	6,291,574	1,015,353	1,241,450	6,065,477
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	56,472,188	19,033,512	24,271,680	51,234,020
Proprietary					
50	Other Enterprise Funds	63,333	247,997	242,651	68,679
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	0	0	0
	Totals	63,333	247,997	242,651	68,679
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	0	0	0	0
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	0	0	0	0
79	GASB 34:Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
	Totals	0	0	0	0

FINAL