Marble Charter School

Financial Report

June 30, 2023

Marble Charter School
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marble Charter School

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Marble Charter School as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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. generally accepted accounting principles require that the Management's Discussion and Analysis in Section B, and the Schedule of School's Proportionate Share of the Net Pension Liability, Schedule of School Pension Contributions, Schedule of School's Proportionate Share of the Net Other Post-Employment Benefit Liability and Schedule of School OPEB Contributions in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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
Marble Charter School

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. generally accepted accounting principles. The budgetary comparison 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 statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements taken as a whole. The Colorado Department of Education Auditor's Electronic Data Integrity Check Figures is presented for purposes of additional analysis are is not a required part of the School's 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 the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marble Charter School
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2023

As management of the Marble Charter School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets of the School exceeded its liabilities as of June 30, 2023, by $1,584,968 (net position).
- The School's net position increased by $1,133,533 from 2022, primarily due to the effect from changes in the School's Net Pension Liability and Net OPEB Liability.
- The School had a fund balance of $1,322,894, or 137% of total fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have three components: 1) School-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

School-wide Financial Statements: The School-wide financial statements are designed to provide readers with a broad overview of the School's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net Position presents information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The School-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities). The school only reports governmental activities.

- **Governmental activities**: Most of the School's basic services are included here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, technology and administration.

The School-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the School by fund instead of the School as a whole. The School only reports governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the School-wide financial statements. However, unlike the School-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The School's most significant, or “major”, governmental fund is the General Fund. The School does not report any other funds.

Because the focus of governmental funds is narrower than that of the School-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the School-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on page E1.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements. The Notes to the Financial Statements can be found in section D this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the School's annual appropriated budgets.

School-wide Financial Analysis:

The following table provides a summary of the School's net position as of the fiscal years ended June 30, 2023 and 2022:

Marble Charter School Summary of Net Position

	2023	2022
Assets:		
Current and other assets	$ 1,698,862	489,795
Capital assets	1,177,715	1,208,543
Total Assets	2,876,577	1,698,338
Liabilities:		
Other liabilities	90,547	66,053
Long-term liabilities	1,201,062	1,180,850
Total Liabilities	1,291,609	1,246,903
Net Position:		
Investment in capital assets	1,177,715	1,208,543
Restricted for emergency	23,000	23,000
Unrestricted	384,253	(780,108)
Total Net Position	$ 1,584,968	451,435

Note that net position may serve as an indicator of the School's financial position over time. The School's net position for governmental activities increased during the current year (see further discussion below).

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2023 and 2022:

Marble Charter School Summary of Activities and Changes in Net Position

	2023	2022
Revenues:		
Per pupil funding	$ 564,719	$ 443,787
Investment income	18,848	-
Federal sources	4,702	34,309
State sources	202,472	108,486
Other	1,366,481	156,017
Total Revenues	2,157,222	742,599
Expenditures/Expenses:		
Direct instruction	752,870	292,044
Indirect instruction	-	14,178
General administration	8,522	42,018
Support services	18,902	30,068
Custodial maintenance	79,350	64,594
Transportation	49,198	26,365
Food service operations	36,219	10,839
Capital outlay	41,304	15,603
Depreciation	37,324	37,323
Total Expenditures/Expenses	1,023,689	533,032
Change in Net Position	1,133,533	209,567
Net Position - Beginning of Year	451,435	241,868
Net Position - End of Year	$ 1,584,968	$ 451,435

Governmental Activities: The primary differences between the fund financial statements and the governmental activities relate to capital assets, net other post-employment benefits liability and net pension liability. The School has no debt.

The majority of School's operating revenues are generated from Per Pupil Funding as determined by the School Finance Act of 1994. Per pupil funding is comprised of general fund property taxes, specific ownership taxes, and state equalization as enumerated above.

Financial Analysis of the School's Funds

The School utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the School's governmental funds reported ending fund balances of $1,322,894, an increase of $1,160,237 from the prior year ending fund balances.

Budget Variances in the General Fund: The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information on page E1 of the audited financial statements. The most significant budgeted variances are noted as follows:

Account	Final Budget	Actual	Reason
Revenues:			
State sources	120,000	168,253	Conservative budgeting
Expenditures/Expenses:			
Capital outlay	1,019,400	47,803	Expended by District

Capital Assets: The School's capital assets represent the school building itself, one bus and dishwasher. Details are provided in the footnotes.

Long-Term Debt: The School has no long-term debt as of the end of the current fiscal year.

Next Year's Budget and Fund Balance: The School's General Fund's fund balance at the end of the fiscal year totaled $1,322,894. The subsequent year's budget for fiscal year ended June 30, 2024 is fiscally balanced.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marble Charter School, School Headmaster, 418 West Main St., Marble, Colorado 81623.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS/
FUND FINANCIAL STATEMENTS**

Marble Charter School

Award-Winning, Progressive Community Education

Graduating Creative and Independent World Citizens
Since 1995

Marble Charter School
Balance Sheet/Statement of Net Position
June 30, 2023

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	1,413,441	-	1,413,441
Capital assets, net of accumulated depreciation	-	1,177,715	1,177,715
Total Assets	1,413,441	1,177,715	2,591,156
Deferred Outflows of Resources			
Pension related deferred outflow	-	276,301	276,301
Post-employment health benefits related deferred outflow	-	9,120	9,120
Total deferred outflows of resources	-	285,421	285,421
Liabilities:			
Accounts payable	20,924	-	20,924
Accrued payroll and related liabilities	69,623	-	69,623
Net pension liability	-	998,582	998,582
Net post-employment health benefits (OPEB)	-	34,001	34,001
Total Liabilities	90,547	1,032,583	1,123,130
Deferred Inflows of Resources			
Pension related deferred inflow	-	154,852	154,852
Post-employment health benefits related deferred inflow	-	13,627	13,627
Total deferred outflows of resources	-	168,479	168,479
Fund Balances/Net Position:			
Fund balance:			
Restricted for emergencies	23,000	(23,000)	
Assigned	104,777	(104,777)	
Unassigned	1,195,117	(1,195,117)	
Total fund balance	1,322,894	(1,322,894)	
Total Liabilities and Fund Balance	1,413,441		
Net Position:			
Investment in capital assets		1,177,715	1,177,715
Restricted for emergencies		23,000	23,000
Unrestricted		384,253	384,253
Total Net Position		1,584,968	1,584,968

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

Marble Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2023

	General Fund	Adjustments	Statement of Activities
Revenues:			
Per pupil funding	564,719	-	564,719
Investment income	18,848	-	18,848
Federal sources	4,702	-	4,702
State sources	168,253	34,219	202,472
Other	1,366,481	-	1,366,481
Total Revenues	2,123,003	34,219	2,157,222
Expenditures/Expenses:			
Direct instruction	726,315	26,555	752,870
General administration	8,383	139	8,522
Support services	18,902	-	18,902
Custodial maintenance	77,488	1,862	79,350
Transportation	47,656	1,542	49,198
Food service operations	36,219	-	36,219
Capital outlay	47,803	(6,499)	41,304
Depreciation	-	37,324	37,324
Total Expenditures/Expenses	962,766	60,923	1,023,689
Change in Fund Balance/Net Position	1,160,237	(26,704)	1,133,533
Fund Balance/Net Position:			
Beginning of the Year	162,657		451,435
End of the Year	1,322,894		1,584,968

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Marble Charter School (the "School") is located in Marble, Colorado and is a component unit of Gunnison Watershed School District RE-1J (the "District") with a mission of the students that the School meet or exceed state academic standards in a vibrant and nurturing school community where they are given time and space to discover their passions. The School operates an "other-level" public school serving the educational needs of children in grades kindergarten through 10th grade. The School operates under a charter from the Gunnison Watershed School District RE-1J.

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public-school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Marble Charter School. The School renewed its contract with District on July 1, 2013 which ran through June 30, 2018. The School subsequently renewed its contract with the District on July 1, 2018 which runs through June 30, 2023.

Charter Schools are financed from a portion of School Finance Act revenues and from revenues generated by the School, within the limits established by the *Charter School Act, CRS Section 22-30-101*. The School contracts with the District for payment of maintenance, insurance, staff training, and other accounting services. The School and the District have entered into an agreement whereby the District funds 100 percent of the School's per pupil funding based on the schools' enrollment, less automatically withheld funding according to *Charter Schools Act 22-30.5-112*, up to five percent to cover central administrative services. During the year ended June 30, 2023 the School received $1,758,361.

The School operates under an elected Board of Directors and follows state and federal accounting and reporting requirements in compliance with the terms of its approved charter.

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.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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 on the District's financial statement as a discretely presented component unit.

B. School-wide and Fund 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.

1. School-wide Financial Statements

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 asset; 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.

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.

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.

I. Summary of Significant Accounting Policies (continued)

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

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.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents 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

The School's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Fund

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Receivables

No allowance was established at June 30, 2023 as all amounts were considered collectible.

4. Capital Assets

Capital assets, which include buildings and improvements, vehicles 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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. The School does not capitalize interest on the construction of capital assets.

Buildings and improvements, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives (in years):

Buildings and improvements	50
Vehicles	10
Kitchen equipment	20

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. 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.

6. Pensions

The School participates in the School Division Trust Fund ("SCHDTF"), a cost-sharing multiple-employer defined benefit pension fund 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, and additions to/deductions from the fiduciary net position 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.

7. 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)

8. Deferred Outflows/Inflows 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 Notes IV (C) and (D) below for discussion on pension and OPEB related deferred outflows and inflows.

9. Fund Balance

The School classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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 Directors.

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 of Directors or its management designee.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Fund Balance (continued)

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.

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

II. Reconciliation of School-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the school-wide Statement of Net Position

The governmental fund Balance Sheet/Statement of Net Position includes an adjustment column. Explanations of adjustments included in this column are as follows:

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. The School had capital assets with a total cost of $1,938,307 less accumulated depreciation of $760,592. The net capital assets are accounted for on the Statement of Net Position.

Long-term liabilities, including net pension and other post-employment benefit obligations, are not due and payable with current financial resources and, therefore, are not reported in the funds. This is the amount of the School's long-term liabilities:

Net pension liability	$ (998,582)
Net post-employment health benefits liability	(34,001)
Total	$ (1,032,583)

Changes in pension and post-employment health benefits related actuarial assumptions, proportion of collective amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and post-employment health benefits plans are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.

II. Reconciliation of School-wide and Fund Financial Statements (continued)

A. Explanation of differences between the governmental fund Balance Sheet and the school-wide Statement of Net Position (continued)

For the year ending June 30, 2023, net pension and post-employment health benefits changes include:

Unamortized pension related deferred outflows	$	276,301
Unamortized post-employment health benefits related deferred outflows		9,120
Unamortized pension related deferred inflows		(154,852)
Unamortized post-employment health benefits related deferred inflows		(13,627)
	$	116,942

See Notes IV (C) and (D) below for discussion on pension and post-employment health benefits related deferred outflows and inflows.

B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the school-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/school-wide Statement of Activities includes an adjustment column. Explanations of adjustments included in this column are as follows:

Governmental funds report capital outlays as expenditures which increase capital assets in the Statement of Net Position. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of depreciation expense reported as an expenditure in the governmental activities' functions was $37,325 and the capital outlay expenditure for the year was $6,499.

Changes in the School's net pension obligation 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. The School's net pension obligation changed $130 during the year, which includes differences between School's contributions to the pension plan and amortization of pension-related deferrals.

Changes in the School's net post-employment health benefits obligation 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. The School's net post-employment health benefits obligation changed $3,990 during the year, which includes differences between School's contributions to the plan and amortization of post-employment health benefits related deferrals.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The annual budget is adopted on a non-GAAP basis and is reconciled to GAAP basis in the financial statements. All annual appropriations lapse at fiscal year-end.

The School follows these procedures in establishing the budgetary data reflected in the basic financial statements:

a. On or about December 1, the Superintendent submits to the Board of Education a five-year financial projection. This is the basis for budgeting guidelines established by the Board of Education.
b. By May 31st, the Superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
c. Public hearings are conducted at a regular Board of Education meeting to obtain taxpayer comment.
d. Prior to June 30, the budget is legally adopted by the Board of Education.
e. Formal budgetary integration is employed as a management control device during the year for all funds.
f. The School issues a separate budget document after the budget is approved by the Board of Education.

Colorado Budget Law requires that the School have a legally adopted budget and appropriations. The total expenditures may not exceed the amount appropriated. Appropriations may be increased if unanticipated revenues offset them. Where applicable, the Board of Education includes available fund balance in the amount appropriated in the annual Appropriations Resolution.

Authorization to transfer budgeted amounts between programs and/or departments and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year except they exclude appropriated available fund balance. Individual amendments were not material in relation to the original appropriations.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

During the year supplemental appropriation ordinances were approved as follows:

Original Appropriation	Final Appropriation	Change
$ -	1,916,470	1,916,470

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. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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 $23,000.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)

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. Deposit balances over $250,000 are collateralized as required by PDPA.

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

	D	E	F	G	H	I	J	K	L
4							**Maturities**		
5			**Standard and Poors Rating**		**Carrying Amounts**		**Less than One Year**		**One to Five Years**
6	**Deposits:**								
8	Checking / MM		Not rated		$ 1,413,441		$ 1,413,441		$ -
10					$ 1,413,441		$ 1,413,441		$ -
11									

The School has addressed the following risks as noted:

Credit Risk – State law specifies instruments in which local governments may invest including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper among other items. The School's policy is to restrict investments to only those permitted by state statute.

B. Receivables

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

	D	E	F	G	H
14					**General Fund**
15	**Current Receivables:**				
16	Taxes receivable				-
17	Loans receivable				-
18	Other accounts				-
19	Intergovernmental				-
20	Gross Receivables				-
21	Less: Allowance for uncollectible				-
22	**Total per School-wide**				
23	**Financial Statements**				$ -
24					

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

The School's capital assets as of June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and Building improvements	$ 1,857,041	$ -	$ -	$ 1,857,041
Vehicles	66,810	-	-	66,810
Equipment	7,957	6,499	-	14,456
Total capital assets, being depreciated	1,931,808	6,499	-	1,938,307
Less accumulated depreciation for:				
Buildings and Building improvements	(701,633)	(30,246)	-	(731,879
Vehicles	(20,043)	(6,681)	-	(26,724
Equipment	(1,591)	(398)	-	(1,989
Total accumulated depreciation	(723,267)	(37,325)	-	(760,592
Total Capital Assets, Net	$ 1,208,541	$ (30,826)	$ -	$ 1,177,715

The School has not allocated its depreciation expense of $37,325 to governmental functions/programs of the School for the year ended June 30, 2023.

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

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 annual comprehensive financial report (ACFR) 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.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

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.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

Contribution provisions as of June 30, 2023: Eligible employees, 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 $103,027 for the year ended June 30, 2023.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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.

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability ("TPL") 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 TPL 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.

At June 30, 2023, the School reported a liability of $998,582 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer 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 non-employer 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	$	998,582
The State's proportionate share of the pension liability as a non-employer contributing entity associated with the School		225,333
Total	$	1,223,915

At December 31, 2022, the School's proportion was 0.00548%, which was a decrease of -0.00113% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension expense of $34,089 and revenue of $34,219 for support from the State as a non-employer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	E	F	G	H	I	J	K	L	M	N
78								Deferred Outflows of Resources		Deferred Inflows of Resources
79										
80	Difference between expected and actual experience							$ 9,466		$ -
81	Changes in actuarial assumptions							17,695		-
82	Net difference between projected and actual									
83	earnings on pension plan investments							134,146		32
84	Changes in proportionate share of contributions							43,423		154,820
85	Difference between actual and reported contributions									
86	recognized							16,884		-
87	Contributions subsequent to the measurement date							54,687		-
88								$ 276,301		$ 154,852
89										

$54,687 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ (14,359)
2025	(30,774)
2026	33,876
2027	78,019
	$ 66,762

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

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

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

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

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

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

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

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

The actuarial assumptions used in the December 31, 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.

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)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (“SB”) 18-200, required adjustments resulting from the 2018 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% 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.

IV. Detailed Notes on all Funds (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- 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.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	$ 23,829,927,000	$ 18,209,465,000	$ 13,515,805,000
Proportionate share of net pension liability	$ 1,306,800	$ 998,582	$ 741,188

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

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, 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 C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available ACFR that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $5,156 for the year ended June 30, 2023.

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

At June 30, 2023, the School reported a liability of $34,003 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (“TOL”) 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 TOL to December 31, 2022. The School’s proportion of the net OPEB liability was based on the School’s contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School proportion was 0.00416%, which was a decrease of -0.00015% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB revenue of $3,990. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	E	F	G	H	I	J	K	L	M	N
92								Deferred Outflows of Resources		Deferred Inflows of Resources
93										
94	Difference between expected and actual experience						$	-	$	8,183
95	Changes in actuarial assumptions							545		3,753
96	Net difference between projected and actual									
97	earnings on pension plan investments							2,077		-
98	Changes in proportionate share of contributions							4,114		1,691
101	Contributions subsequent to the measurement date							2,384		-
102							$	9,120	$	13,627
103										

$2,384 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 expense as follows:

Year ended June 30:		
2024	$	(2,130)
2025		(2,558)
2026		(799)
2027		(78)
2028		(1,093)
2029		(233)
	$	(6,891)

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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.

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	$6.504	$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.

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

Post-retirement 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.

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

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.

- 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.

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	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%
Collective Net OPEB Liability	$ 793,369,000	$ 816,479,000	$ 841,625,000
Proportionate Share of the OPEB Liability	$ 33,041	$ 34,003	$ 35,050

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.

IV. Detailed Notes on all Funds (continued)

E. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net OPEB liability	$ 946,541,000	$ 816,479,000	$ 705,234,000
Proportionate share of net OPEB liability	$ 39,420	$ 34,001	$ 29,370

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

V. Other Information

A. Defined Contribution Pension Plan

Plan Description. Employees of the School that are also 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 C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits 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 carries commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Pupil Count. 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 schools are asked to report all students who are actively enrolled and attending classes through their school 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 school'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 schools 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 school, 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

Marble Charter School
Statement of Revenues and Expenditures
Budget 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	Variance with Final Budget- Positive (Negative)	Actual
Revenues:					
Per pupil funding	569,711	569,711	564,719	(4,992)	443,787
Investment income	-	-	18,848	18,848	-
Federal sources	-	-	4,702	4,702	34,309
State sources	120,000	120,000	168,253	48,253	129,575
Other	1,334,265	1,334,265	1,366,481	32,216	156,017
Total Revenues	2,023,976	2,023,976	2,123,003	99,027	763,688
Expenditures/Expenses:					
Direct instruction	719,592	719,592	726,315	(6,723)	489,444
Indirect instruction	-	-	-	-	30,571
General administration	1,000	1,000	8,383	(7,383)	53,716
Support services	28,427	28,427	18,902	9,525	30,069
Custodial maintenance	69,687	69,687	77,488	(7,801)	86,982
Transportation	43,364	43,364	47,656	(4,292)	40,889
Community service	-	-	-	-	-
Food service operations	35,000	35,000	36,219	(1,219)	15,531
Capital outlay	1,019,400	1,019,400	47,803	971,597	15,603
Total Expenditures/Expenses	1,916,470	1,916,470	962,766	953,704	762,805
Excess (Deficiency) of Revenues Over Expenditures	107,506	107,506	1,160,237	1,052,731	883
Reconciliation to GAAP Basis:					
Pension direct distribution - Special funding			24,815		9,419
Pension expense - Special funding			(24,815)		(9,419)
Change in Net Position	107,506	107,506	1,160,237	1,052,731	883
Fund Balance/Net Position:					
Beginning of the Year			162,657		161,774
End of the Year			1,322,894		162,657

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

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

	2023	2022	2021	2020	2019
School's proportion of the net pension liability	0.00548%	0.00661%	0.00713%	0.00591%	0.00600%
School's proportionate share of the net pension liability	998,582	769,557	1,078,145	883,056	1,062,317
State's proportionate share of the net pension liability as a non-employer contributing entity associated with the School	225,333	79,147	-	99,397	127,784
Total proportionate share of the net pension liability associated with the School	1,223,915	848,704	1,078,145	982,453	1,190,101
School's covered payroll	$ 422,610	$ 418,180	$ 381,640	$ 345,114	$ 322,789
School's proportionate share of the net pension liability as a percentage of its covered payroll	236%	184%	283%	256%	329%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%

	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.00630%	0.00662%	0.00691%	0.00642%	0.00568%
School's proportionate share of the net pension liability	2,036,632	1,969,685	1,056,221	869,961	724,144
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	2,036,632	1,969,685	1,056,221	869,961	724,144
School's covered payroll	$ 312,708	$ 291,643	$ 298,829	$ 277,947	$ 244,036
School's proportionate share of the net pension liability as a percentage of its covered payroll	651%	675%	353%	313%	297%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%	64.07%

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

Marble Charter School
Schedule of School Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

	2023	2022	2021	2020	2019
Contractually required contribution	$ 103,027	$ 81,219	$ 75,843	$ 75,018	$ 63,094
Contributions in relation to the contractually required contribution	$ (103,027)	$ (81,219)	$ (75,843)	$ (75,018)	$ (63,094)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 505,528	$ 408,311	$ 381,506	$ 387,091	$ 329,819
Contributions as a percentage of covered payroll	20.38%	19.89%	19.88%	19.38%	19.13%

	2018	2017	2016	2015	2014
Contractually required contribution	$ 54,126	$ 53,831	$ 52,157	$ 44,180	$ 35,544
Contributions in relation to the contractually required contribution	$ (54,126)	$ (53,831)	$ (52,157)	$ (44,180)	$ (35,544)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 290,531	$ 296,915	$ 300,961	$ 268,901	$ 228,872
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%	16.43%	15.53%

Marble Charter School
Schedule of School's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019
School's proportion of the net OPEB liability	0.00416%	0.00432%	0.00413%	0.00384%	0.00390%
School's proportionate share of the net OPEB liability	34,003	37,231	39,216	43,386	53,057
School's covered payroll	$ 422,610	$ 418,180	$ 381,640	$ 345,114	$ 322,789
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	8%	9%	10%	13%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%

	2018	2017
School's proportion of the net OPEB liability	0.00358%	0.00376%
School's proportionate share of the net OPEB liability	46,508	48,754
School's covered payroll	$ 312,708	$ 291,643
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	15%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

* 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.

Marble Charter School
Schedule of School OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019
Contractually required contribution	$ 5,156	$ 4,118	$ 3,891	$ 3,948	$ 3,364
Contributions in relation to the contractually required contribution	$ (5,156)	$ (4,118)	$ (3,891)	$ (3,948)	$ (3,364)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 505,528	$ 408,311	$ 381,506	$ 387,091	$ 329,819
Contributions as a percentage of covered payroll	1.02%	1.01%	1.02%	1.02%	1.02%

	2018	2017
Contractually required contribution	$ 2,963	$ 3,029
Contributions in relation to the contractually required contribution	$ (2,963)	$ (3,029)
Contribution deficiency (excess)	$ -	$ -
School's covered payroll	$ 290,531	$ 296,915
Contributions as a percentage of covered payroll	1.02%	1.02%

* Information is only available beginning in fiscal year 2017.

Marble Charter School
Notes to Required Supplementary Information
June 30, 2023

I. Schedule of the 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 7.5% 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 Denver Public School ("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%age of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the School Division Trust Fund 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 FNP, and the resulting application of the municipal bond index rate.

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.
- 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.

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

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 the 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's OPEB Contributions

A. Changes to assumptions or other inputs

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

Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.A.1 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