

THE VANGUARD SCHOOL
COLORADO SPRINGS, COLORADO
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

For the Year Ended
June 30, 2020

THE VANGUARD SCHOOL

ROSTER OF OFFICIALS

Year Ended June 30, 2020

Board Of Directors

Matt Hughes - President

Dan Geoffroy - Vice President

Rene Chatham - Secretary

Kurt Peters - Treasurer

Sperry Redd - Director

Administrative Staff

Colin Mullaney - Executive Director

Renee Henslee – K-6 Principal

Diane Borre - Business Manager

THE VANGUARD SCHOOL

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Roster of Officials

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THE VANGUARD SCHOOL

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INTRODUCTORY SECTION

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**Management Discussion And Analysis
(Required Supplementary Information – Unaudited)**

The Vanguard School

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2020

As management of The Vanguard School, we offer readers of the school's basic financial statements this narrative and analysis of the financial activities of Vanguard for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the Independent Auditor's Report.

Financial Highlights

The year ending June 30, 2020, is the twenty-fifth year of operations for the school. In that period, the general fund balance changed to \$5,082,682 from \$2,833,838. School operations are funded primarily by tax revenue received under the State School Finance Act. Tax revenue for the year from Per Pupil Revenue was approximately \$12,069,791. The school operated within its budget and there were no major budget revisions during the year.

Overview of Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the school's finances in a manner similar to a private-sector business. The statement of net position presents information on all the school's assets and liabilities, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the school is improving or deteriorating.

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

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2020	2019
Current Assets	\$ 6,529,817	\$ 3,790,927
Capital Assets - Net	1,294,424	1,138,515
Total Assets	7,824,241	4,929,442
Deferred Outflows	4,410,016	8,154,791
Current Liabilities	1,447,135	903,749
Long-Term Liabilities	19,142,783	19,995,170
Total Liabilities	20,589,918	20,898,919
Deferred Infows	12,222,641	15,243,892
Net Investment in Capital Assets	1,294,424	1,138,515
Restricted Net Position	395,000	318,000
Unrestricted Net Position	(22,267,726)	(24,515,093)
Total Net Position (Deficit)	\$ (20,578,302)	\$ (23,058,578)

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2020	2019
Program Revenues:		
Charges for Services	\$ 353,896	\$ 652,167
Operating Grants	408,001	409,895
Capital Grants	466,811	496,125
Total Program Revenues	1,228,708	1,558,187
General Revenues:		
Per Pupil	12,069,791	10,439,126
Investment Income	34,593	42,629
Miscellaneous	11,457	648,069
Total General Revenues	12,115,841	11,129,824
Transfers	329,796	359,563
Total Revenues	13,674,345	13,047,574
Expenses		
Instruction	6,266,481	6,063,874
Supporting Services	4,927,588	4,166,709
Debt Service Interest	-	1,424,633
Total Expenses	11,194,069	11,655,216
Change in Net Position	2,480,276	1,392,358
Net Position - Beginning	(23,058,578)	(24,450,936)
Net Position - Ending	\$ (20,578,302)	\$ (23,058,578)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The school keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund tracking is reported in the auditor's report. The school adopts an annual budget for all funds. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

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

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the school's financial position. For the year ending June 30, 2020, the school's revenues exceeded expenses by \$387,720 in the general fund plus a special item (PPP Loan) of \$1,848,800. The ending fund balance in the general fund – governmental funds is \$5,082,682. Approximately \$395,000 of these funds are restricted to comply with Article X, Section 20, of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the school. The remaining is unrestricted and available to meet the school's ongoing financial obligations.

The school's Statement of Net Position shows a negative balance of \$(20,578,302) as of June 30, 2020. This was due to GASB Statement No. 68 implementation. GASB 68 requires Vanguard to report the net pension liability of the school's proportionate share in the PERA pension plan, which is \$24,967,633. This liability must be reported on the school's financial statements but is not an actual liability owed by the school.

Financial Analysis of the School's Funds

Governmental Funds. The focus of Vanguard'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, unreserved fund balance may serve as a useful measure of the school's net resources available for spending at the end of the fiscal year.

General Fund Budgetary Highlights

The school budgeted for expenditures in the general fund of \$13,118,502 for the year ended June 30, 2019. Actual expenditures were \$13,124,450. The school budgeted for revenues in the general fund of \$12,867,468. Actual revenues received were \$13,256,526.

Capital Asset and Debt Administration

Capital assets. The school's investment in capital assets as of June 30, 2020 amounts to \$19,803,380 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and playground, office and instructional equipment. The detail of this investment is in Note 3 to the financial statements.

	Balance 06/30/19	Additions	Deletions	Balance 06/20/20
Fiduciary Capital Assets:				
Capital Assets Not Being Depreciated				
Land and Sites	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000
Capital Assets Being Depreciated				
Building and Improvements	24,117,960	-	-	24,117,960
Less: Accumulated Depreciation:				
Building and Improvements	<u>(7,148,517)</u>	<u>(641,063)</u>	<u>-</u>	<u>(7,789,580)</u>
Fiduciary Capital Assets, Net	<u>\$ 20,444,443</u>	<u>\$ (641,063)</u>	<u>\$ -</u>	<u>\$ 19,803,380</u>
	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated				
Land and Sites	\$ 245,714	\$ -	\$ -	\$ 245,714
Construction in Progress	<u>-</u>	<u>284,760</u>	<u>-</u>	<u>284,760</u>
Total Capital Assets Not Being Depreciated	<u>245,714</u>	<u>284,760</u>	<u>-</u>	<u>530,474</u>
Capital Assets Being Depreciated				
Building and Improvements	1,319,304	-	-	1,319,304
Equipment	<u>77,812</u>	<u>-</u>	<u>-</u>	<u>77,812</u>
Total Capital Assets Being Depreciated	<u>1,397,116</u>	<u>-</u>	<u>-</u>	<u>1,397,116</u>
Less: Accumulated Depreciation:				
Building and Improvements	(489,026)	(123,665)	-	(612,691)
Equipment	<u>(15,289)</u>	<u>(5,187)</u>	<u>-</u>	<u>(20,476)</u>
Total Accumulated Depreciation	<u>(504,315)</u>	<u>(128,852)</u>	<u>-</u>	<u>(633,167)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,138,515</u>	<u>\$ 155,908</u>	<u>\$ -</u>	<u>\$ 1,294,423</u>

Long-term debt. In May 2016, the Foundation obtained a loan for \$25,120,000 to refund 2006 and 2007 bonds and to finance the construction of new facilities and improve existing ones. The new loan rates range from 3% - 5% with a true interest rate of 3.64%. The final maturity is June 15, 2047. This amount is collateralized by the school building. The school maintains credit ratings with Standard and Poor's Ratings Services. Long-term debt is detailed in Note 5 to the financial statements.

	Balance			Balance	Current
	6/30/19	Advances	Payments	6/30/20	Portion
Cheyenne Mountain Charter Academy					
Accrued Compensated Absences	\$ 91,875	\$ 47,100	\$ -	\$ 138,975	\$ -
Net OPEB Liability	946,763	-	142,964	803,799	-
PERA Net Pension Liability	18,956,532	-	2,605,323	16,351,209	-
SBA PPP Loan	-	1,848,800	-	1,848,800	-
Total Long Term Obligations	\$ 19,995,170	\$ 1,895,900	\$ 2,748,287	\$ 19,142,783	\$ -
	Balance			Balance	Current
	6/30/19	Advances	Payments	6/30/2020	Portion
Foundation - Blended Component Unit					
2016 Colorado Educational and Cultural Facilities Loan	\$ 24,225,000	\$ -	\$ 470,000	\$ 23,755,000	\$ 490,000
Bond Premiums	752,243	-	45,680	706,563	44,777
Total Long Term Obligations	\$ 24,977,243	\$ -	\$ 515,680	\$ 24,461,563	\$ 534,777
Deferred Charge on Refunding	\$ (696,689)	\$ -	\$ (42,306)	\$ (654,383)	\$ (41,470)

Economic Factors and Next Year's Budget

The primary factor driving the budget for the school is student enrollment. Grades K-8 were full with waiting lists for all grades. Enrollment in grades K-12 for the 2019-20 school year was 1509 (1497 FTE). The enrollment in grades K-12 for the 2020-21 school year is projected to be 1633 (1523 FTE). This factor was considered in preparing the school's budget.

Requests for Information

The financial report is designed to provide a general overview of the school's finances for all those with an interest in the school. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

The Vanguard School
Business Office
1605 S. Corona Avenue
Colorado Springs, CO 80905

FINANCIAL SECTION

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
The Vanguard School
Colorado Springs, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of The Vanguard School, (the "School"), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the basic financial statements of the School, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of The Vanguard School, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Vanguard School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As discussed in Notes 5 and 12 the School received a Small Business Administration Paycheck Protection Program Loan for \$1,848,800. The School has applied for full forgiveness of this loan. Our Opinion is not modified with respect to these matters.

Other Matters

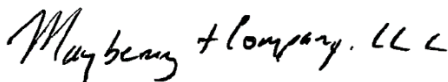
Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M5 and pension schedules on 42 - 46 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 47 - 48 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. In addition, the budgetary comparison schedules on pages 49 - 53 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



January 6, 2021
Englewood, Colorado

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Basic Financial Statements

THE VANGUARD SCHOOL

Statement of Net Position
June 30, 2020

	Governmental Activities
	<hr/>
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
Assets	
Current Assets	
Cash and Investments	\$ 6,382,390
Other Accounts Receivable	100,752
Inventory	13,894
Prepaid Expenses	32,781
Capital and Other Assets	
Capital Assets not Being Depreciated	530,474
Capital Assets Being Depreciated, Net	763,950
Total Assets	<hr/> 7,824,241 <hr/>
Deferred Outflows of Financial Resources	
Net Pension Deferred Outflows	4,285,686
Net OPEB Deferred Outflows	124,330
Total Deferred Outflows of Financial Resources	<hr/> 4,410,016 <hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	<hr/> \$ 12,234,257 <hr/>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 241,828
Accrued Salaries & Benefits	594,473
Payroll Taxes & Deductions Payable	2,992
Unearned Revenue	28,700
Unearned Revenue Grants	579,142
Noncurrent Liabilities	
Due In More Than One Year	19,142,783
Total Liabilities	<hr/> 20,589,918 <hr/>
Deferred Inflows of Financial Resources	
Net Pension Deferred Inflows	12,061,814
Net OPEB Deferred Inflows	160,827
Total Deferred Inflows of Financial Resources	<hr/> 12,222,641 <hr/>
Net Position	
Net Investment in Capital Assets	1,294,424
Restricted Net Position	395,000
Unrestricted Net Position	(22,267,726)
Total Net Position	<hr/> (20,578,302) <hr/>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	<hr/> \$ 12,234,257 <hr/>

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

THE VANGUARD SCHOOL

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions		
Primary Government					
Governmental Activities					
Instruction	\$ 6,266,481	\$ 155,165	\$ 319,054	\$ 39,966	\$ (5,752,296)
Supporting Services	4,927,588	198,731	88,947	426,845	(4,213,065)
Total Primary Government	\$ 11,194,069	\$ 353,896	\$ 408,001	\$ 466,811	(9,965,361)
General Revenues					
Per Pupil Revenue Allocation					12,069,791
Investment Earnings					34,593
Insurance Proceeds					9,255
Other Revenues					2,202
Total General Revenues					12,115,841
Transfers					15,667
Transfer from Primary Government					314,129
Total General Revenues and Transfers					12,445,637
Change in Net Position					2,480,276
Beginning Net Position					(23,058,578)
Ending Net Position					\$ (20,578,302)

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

THE VANGUARD SCHOOL
 Balance Sheet
 Governmental Funds
 June 30, 2020

	Special Revenue		Totals	
	General Fund	Sports Fund	2020	2019
ASSETS				
Cash and Investments	\$ 6,354,293	\$ 28,097	\$ 6,382,390	\$ 3,597,254
Other Accounts Receivable	100,752	-	100,752	176,142
Inventory	13,894	-	13,894	17,531
Prepaid Expenses	32,781	-	32,781	-
TOTAL ASSETS	<u>\$ 6,501,720</u>	<u>\$ 28,097</u>	<u>\$ 6,529,817</u>	<u>\$ 3,790,927</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 241,828	\$ -	\$ 241,828	\$ 40,992
Accrued Salaries & Benefits	594,473	-	594,473	862,757
Payroll Taxes & Deductions Payable	2,992	-	2,992	-
Unearned Revenue	28,700	-	28,700	53,340
Unearned Revenue Grants	579,142	-	579,142	-
Total Liabilities	<u>1,447,135</u>	<u>-</u>	<u>1,447,135</u>	<u>957,089</u>
Fund Balance				
Nonspendable Fund Balance	46,675	-	46,675	17,531
Restricted Fund Balance				
Restricted for TABOR Emergencies	395,000	-	395,000	318,000
Committed Fund Balance	-	28,097	28,097	15,773
Unassigned Fund Balance	4,612,910	-	4,612,910	2,482,534
Total Fund Balance	<u>5,054,585</u>	<u>28,097</u>	<u>5,082,682</u>	<u>2,833,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 6,501,720</u>	<u>\$ 28,097</u>	<u>\$ 6,529,817</u>	<u>\$ 3,790,927</u>

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

THE VANGUARD SCHOOL

**Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2020**

Fund Balance - Governmental Funds		\$ 5,082,682	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 530,474		
Capital assets, being depreciated	1,397,117		
Accumulated depreciation	<u>(633,167)</u>	1,294,424	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds			
Pension Liability			
Net pension deferred outflows	4,285,686		
Net pension liability	(16,351,209)		
Net pension deferred inflows	<u>(12,061,814)</u>	(24,127,337)	
OPEB Liability			
Net OPEB deferred outflows	124,330		
Net OPEB liability	(803,799)		
Net OPEB deferred inflows	<u>(160,827)</u>	(840,296)	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Notes payable	(1,848,800)		
Accrued compensated absences	<u>(138,975)</u>	<u>(1,987,775)</u>	
Total Net Position - Governmental Activities		<u>\$ (20,578,302)</u>	

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

THE VANGUARD SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Special Revenue</u>		<u>Totals</u>	
	<u>General Fund</u>	<u>Sports Fund</u>	<u>2020</u>	<u>2019</u>
REVENUES				
Local Sources	\$ 12,422,559	\$ 88,024	\$ 12,510,583	\$ 11,874,630
State Sources	687,178	-	687,178	705,560
Federal Sources	146,788	-	146,788	107,822
TOTAL REVENUES	<u>13,256,525</u>	<u>88,024</u>	<u>13,344,549</u>	<u>12,688,012</u>
EXPENDITURES				
Instruction	7,461,610	145,933	7,607,543	7,228,758
Pupil Support	212,932	-	212,932	210,465
Staff Support	181,138	-	181,138	227,473
General Administration	453,623	-	453,623	375,671
School Administration	968,121	-	968,121	1,084,119
Business Services	557,038	-	557,038	343,243
Operations and Maintenance	1,043,109	3,919	1,047,028	1,636,991
Transportation	1,474	-	1,474	25,800
Other Central Support	389,365	-	389,365	413,223
Risk Management	87,444	-	87,444	112,946
Other Supporting Services	-	-	-	865
Food Service	10,704	-	10,704	12,307
Facilities	311,694	-	311,694	217,686
Debt Service	1,446,197	-	1,446,197	1,387,435
TOTAL EXPENDITURES	<u>13,124,449</u>	<u>149,852</u>	<u>13,274,301</u>	<u>13,276,982</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	132,076	(61,828)	70,248	(588,970)
OTHER FINANCING SOURCES (USES)				
Transfers	(58,485)	74,152	15,667	-
Transfer from Primary Government	314,129	-	314,129	359,563
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	387,720	12,324	400,044	(229,407)
SPECIAL ITEM - PPP Loan Proceeds	1,848,800	-	1,848,800	-
CHANGE IN FUND BALANCE	2,236,520	12,324	2,248,844	(229,407)
BEGINNING FUND BALANCE	2,818,065	15,773	2,833,838	3,063,245
ENDING FUND BALANCE	<u>\$ 5,054,585</u>	<u>\$ 28,097</u>	<u>\$ 5,082,682</u>	<u>\$ 2,833,838</u>

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

THE VANGUARD SCHOOL

**Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2020**

Change in Fund Balance - Governmental Funds		\$ 2,248,844
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	\$ 284,761	
Depreciation Expense	<u>(128,852)</u>	155,909
<p>Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Pension Liability		
Current year change and amortization of deferred outflows - net	(3,753,373)	
Change in net pension liability	2,605,323	
Current year change and amortization of deferred inflows - net	<u>3,116,489</u>	1,968,439
OPEB Liability		
Current year change and amortization of deferred outflows - net	8,598	
Change in OPEB liability	142,964	
Current year change and amortization of deferred inflows - net	<u>(148,578)</u>	2,984
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.</p>		
Proceeds from debt issuances	(1,848,800)	
Change in accrued compensated absences	<u>(47,100)</u>	<u>(1,895,900)</u>
Total Net Position - Governmental Activities		<u>\$ 2,480,276</u>

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

THE VANGUARD SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
General Fund
June 30, 2020

	<u>Agency Funds</u>	
	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Cash and Investments	\$ 1,616,265	\$ 2,511,729
Capital Assets not Being Depreciated	3,475,000	3,475,000
Capital Assets Being Depreciated	24,117,960	24,117,960
Accumulated Depreciation	<u>(7,789,581)</u>	<u>(7,148,517)</u>
TOTAL ASSETS	21,419,644	22,956,172
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Deferred Charge on Refunding	<u>654,383</u>	<u>696,689</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 22,074,027</u>	<u>\$ 23,652,861</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Liabilities		
Accrued Interest	\$ 38,871	\$ 39,654
Current Portion of Notes Payable	490,000	470,000
Notes Payable	<u>23,265,000</u>	<u>23,755,000</u>
Total Liabilities	<u>23,793,871</u>	<u>24,264,654</u>
Deferred Inflows of Financial Resources		
Deferred Inflows	<u>706,563</u>	<u>752,243</u>
Net Position		
Restricted Net Position		
Restricted for Student Activity	63,293	69,738
Unrestricted Net Position (Deficit)	<u>(2,489,700)</u>	<u>(1,433,774)</u>
Total Net Position	<u>(2,426,407)</u>	<u>(1,364,036)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 22,074,027</u>	<u>\$ 23,652,861</u>

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

THE VANGUARD SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Agency Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Agency Funds</u>	
	<u>2020</u>	<u>2019</u>
ADDITIONS		
Local Sources	<u>\$ 1,521,075</u>	<u>\$ 2,402,287</u>
DEDUCTIONS		
Instruction	83,200	69,131
Operations and Maintenance	1,537,036	738,791
Debt Service	947,543	959,519
TOTAL DEDUCTIONS	<u>2,567,779</u>	<u>1,767,441</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,046,704)</u>	<u>634,846</u>
OTHER FINANCING SOURCES (USES)		
Transfers	<u>(15,667)</u>	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	<u>(1,062,371)</u>	<u>634,846</u>
BEGINNING NET POSITION	<u>(1,364,036)</u>	<u>(1,998,882)</u>
ENDING NET POSITION	<u><u>\$ (2,426,407)</u></u>	<u><u>\$ (1,364,036)</u></u>

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

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Vanguard School (the "School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the School's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting.

Based upon the application of these criteria, one additional organization is includable within the School's reporting entity, the Cheyenne Mountain Charter School Foundation (the "Foundation"), a blended component unit. The School is considered a component unit of Cheyenne Mountain School District 12 (the "District"). It is the administrative position of the Colorado Department of Education that a charter school has the same relationship to a public school as does any other school program or school building within a school district. A charter school is part of a local school district that is a political subdivision of the State of Colorado. The School and Foundation have organized as non-profit corporations under the laws of the State of Colorado and Section 501(c) (3) of the Internal Revenue Code. The School and Foundation were created to help guide students in development of their character and academic potential through an academically rigorous, content rich educational program.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental Fund Financial Statements Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Entitlement revenues are recognized to the extent of related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The School reports the following funds:

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

Sports Fund This special revenue fund is used to account for the proceeds received for various sports related activities and to account for expenditures related to ongoing student activities such as sporting events.

Foundation Fund This fiduciary fund is for the blended component unit of the School. The Foundation was used to issue debt and construct the original facilities for the School.

Student Activity Agency Fund This fiduciary fund is used to account for the proceeds received for various student activities. The fund is used for ongoing student activities such as student events, clubs and sporting events.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided;
- Operating grants and contributions; and
- Capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and District flow through per pupil funding.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

The School adheres to the procedures described below in establishing the budgetary data reflected in the financial statements.

- Budgets are required by state law for all funds. By May 31, the Administrators submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Directors.

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position/Fund Balance

Cash The School's cash and cash equivalents are considered to be cash-on-hand and demand deposits, which are deposited in checking accounts which are legally authorized.

Deposits All deposits are reported at their gross value.

Due From Primary Government Activities with primary government that are representative of cash held by the primary government at the end of the fiscal year are referred to as either "Due From Primary Government" or "Due to Primary Government". There were no amounts to be reported as of June 30, 2020.

Capital Assets Capital Assets, which include property, buildings, and equipment, are reported as either governmental activity capital assets if acquired through operating resources or in the blended component unit, the Foundation Fund, if funded as part of the initial facility construction. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, buildings and equipment of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Building Improvements	10-20
Equipment	15

Unearned Revenue Unearned Revenues are amounts that have been collected but have not met the requirements needed for revenue recognition.

Long-Term Obligations Long-term obligations in the government-wide financial statements are reported as liabilities in the applicable activity.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Vacation, Sick Leave, and Other Compensated Absences Employees are entitled to certain compensated absences based on their length of employment. Except for sick leave, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Compensated absences (sick leave) are reflected in the Governmental Activities. Since all employees are contracted to work a set number of days during a year, no vacation accrual accumulates.

Deferred outflows/inflows of resources In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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 government has two items that qualify for reporting in this category, both related to outstanding pension and OPEB obligations and further described in Note 9 and 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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 reports deferred inflows for pension and OPEB related deferrals as further described in Note 9 and 11.

Net Position/Fund Balance In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent is expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund is presented as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures

Revenues for governmental funds are recorded when they become measurable and available. Generally, per-pupil operating revenues and fees are recognized when received. Grants from other governments are recognized to the extent of related expenditures, or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures. Expenditures for governmental funds are generally recognized when the related liability is incurred.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2020 were as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 252,348	\$ 252,348
PDPA Collateralized (Not held in District's name)	3,046,495	2,612,822
Total Cash Deposits	<u>\$ 3,298,843</u>	<u>\$ 2,865,170</u>
Deposits		\$ 2,865,170
Investments		5,132,643
Cash on Hand		842
Total		<u>\$ 7,998,655</u>
Governmental Funds		\$ 6,382,390
Fiduciary Funds		
CMCA Foundation (Component Unit)		1,552,972
Pupil Activity Agency		63,293
Total Cash and Investments		<u>\$ 7,998,655</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments had a bank balance as summarized above at June 30, 2020, which was fully insured by depository insurance or secured with collateral held through PDPA. All investments evidenced by individual securities are registered in the name of the School.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment interest rate risk

The School has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than those contained in Colorado Revised Statutes. Maturities of investments held at June 30, 2020 are provided in the previous schedule and are tiered to mature at intervals within a five year maximum range.

Investment credit risk

The School has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. County, municipal, or school tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4, above.

The School's Foundation is not subject to state statute.

Concentration of investment credit risk

The School places no limit on the amount it may invest in any one issuer. At June 30, 2020, the School had no concentration of credit risk.

The School invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

During the year ended June 30, 2020, the School invested funds in Colotrust. As an investment pool, this entity operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. Colotrust invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation. As of June 30, 2020, the School held \$2,500,873 in Colotrust for general purposes, respectively.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2020 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Uncat.</u>	<u>Total</u>	<u>Weighted Avg. Mat. In Yrs</u>
Local Government Investment Pools	\$ -	\$ -	\$ -	\$ 2,500,873	\$ 2,500,873	0.00
Mutual Funds	-	1,812,205	-	-	1,812,205	0.00
Federal Home Loan Banks	-	819,565	-	-	819,565	0.41
Total Investments	<u>\$ -</u>	<u>\$ 2,631,770</u>	<u>\$ -</u>	<u>\$ 2,500,873</u>	<u>\$5,132,643</u>	<u>0.07</u>

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Money Market Funds:** Valued at quoted market prices.
- **U.S Agency Securities:** Valued at quoted market prices.

The School recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2020, there were no changes in the methods or assumptions utilized to derive the fair value of the School's assets and liabilities.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>06/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/20/20</u>
Fiduciary Capital Assets:				
Capital Assets Not Being Depreciated				
Land and Sites	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000
Capital Assets Being Depreciated				
Building and Improvements	24,117,960	-	-	24,117,960
Less: Accumulated Depreciation:				
Building and Improvements	<u>(7,148,517)</u>	<u>(641,063)</u>	<u>-</u>	<u>(7,789,580)</u>
Fiduciary Capital Assets, Net	<u>\$ 20,444,443</u>	<u>\$ (641,063)</u>	<u>\$ -</u>	<u>\$ 19,803,380</u>
	<u>Balance</u> <u>06/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/20</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated				
Land and Sites	\$ 245,714	\$ -	\$ -	\$ 245,714
Construction in Progress	<u>-</u>	<u>284,760</u>	<u>-</u>	<u>284,760</u>
Total Capital Assets Not Being Depreciated	<u>245,714</u>	<u>284,760</u>	<u>-</u>	<u>530,474</u>
Capital Assets Being Depreciated				
Building and Improvements	1,319,304	-	-	1,319,304
Equipment	<u>77,812</u>	<u>-</u>	<u>-</u>	<u>77,812</u>
Total Capital Assets Being Depreciated	<u>1,397,116</u>	<u>-</u>	<u>-</u>	<u>1,397,116</u>
Less: Accumulated Depreciation:				
Building and Improvements	(489,026)	(123,665)	-	(612,691)
Equipment	<u>(15,289)</u>	<u>(5,187)</u>	<u>-</u>	<u>(20,476)</u>
Total Accumulated Depreciation	<u>(504,315)</u>	<u>(128,852)</u>	<u>-</u>	<u>(633,167)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,138,515</u>	<u>\$ 155,908</u>	<u>\$ -</u>	<u>\$ 1,294,423</u>

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, are \$594,473. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2020 was as follows:

	Balance			Balance	Current
	6/30/19	Advances	Payments	6/30/20	Portion
Cheyenne Mountain Charter Academy					
Accrued Compensated Absences	\$ 91,875	\$ 47,100	\$ -	\$ 138,975	\$ -
Net OPEB Liability	946,763	-	142,964	803,799	-
PERA Net Pension Liability	18,956,532	-	2,605,323	16,351,209	-
SBA PPP Loan	-	1,848,800	-	1,848,800	-
Total Long Term Obligations	\$ 19,995,170	\$ 1,895,900	\$ 2,748,287	\$ 19,142,783	\$ -

	Balance			Balance	Current	Interest
	6/30/19	Advances	Payments	6/30/2020	Portion	Paid
Foundation - Blended Component Unit						
2016 Colorado Educational and Cultural Facilities Loan	\$ 24,225,000	\$ -	\$ 470,000	\$ 23,755,000	\$ 490,000	\$ 951,700
Bond Premiums	752,243	-	45,680	706,563	44,777	-
Total Long Term Obligations	\$ 24,977,243	\$ -	\$ 515,680	\$ 24,461,563	\$ 534,777	\$ 951,700
Deferred Charge on Refunding	\$ (696,689)	\$ -	\$ (42,306)	\$ (654,383)	\$ (41,470)	

In May 2016, the School, through the Foundation, obtained a loan for \$25,120,000 to refund 2006 and 2007 bonds in addition financing construction improvements to the educational facilities and funding a debt service reserve fund. The new loan will have coupon payment rates ranging from 3.00% to 5.00%. Interest and principal will be paid annually on June 15th of each year starting June 15, 2017 and ending on June 16, 2047. The School has recorded bond premiums of \$898,281 and a deferred charge on refunding of \$831,942, both of which will be amortized over the life of the loan. The School recognized a net present value savings of \$1,539,464 through the refunding.

Future debt service requirements are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 490,000	\$ 932,900	\$ 1,422,900
2022	515,000	913,300	1,428,300
2023	530,000	892,700	1,422,700
2024	555,000	871,500	1,426,500
2025	575,000	849,300	1,424,300
2026-2030	3,335,000	3,786,000	7,121,000
2031-2035	4,190,000	2,951,825	7,141,825
2036-2040	4,940,000	2,181,063	7,121,063
2041-2045	5,925,000	1,189,125	7,114,125
2046-2047	2,700,000	153,000	2,853,000
Total	\$ 23,755,000	\$ 14,720,713	\$ 38,475,713

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5: LONG-TERM DEBT (Continued)

In May 2020, the School, through the Small Business Administration, obtained a Paycheck Protection Program loan for \$1,848,800 for to be used for costs related to payroll, insurance, mortgage interest payments, rent, utility payments, and interest payments on other debt obligations that were incurred before February 15, 2020 and/or refinancing an SBA Economic Injury Disaster Loan made between January 31, 2020 and April 3, 2020 under the CARES Act and its regulations. This loan has an interest rate of 1.00% which will accrue from the date of the loan and has a maturity date of May 1, 2022. Payments will be payable monthly with the first six monthly payments deferred. Beginning June 1, 2020 monthly payments will be an amount equal to the amount necessary to fully amortize the then outstanding principal balance of the loan. The loan is subject to the limited loan forgiveness provisions of Section 1106 of the CARES Act, and its regulations. The amount of loan forgiveness is determined by and is subject to the sole approval of the SBA. The amount of forgiveness as determined by the SBA may be less than the Loan Amount and Borrower agrees that it will remain responsible for payment to Leander of any balance not forgiven by the SBA. The school has applied for and received bank acceptance for full forgiveness of the loan and is awaiting final approval from SBA.

NOTE 6: DEFICIT NET POSITION

The Foundation Fund has deficit net position of \$(2,489,700) as of June 30, 2020.

The Governmental Activities has a deficit net position of \$(20,578,302), and an unrestricted net position deficit of \$(22,267,726) primarily due to adding the PERA net pension liability of \$16,351,209 and related net deferrals, further described in note 9 and the HTCF OPEB net liability of \$803,799, with similar net deferrals, as further described in Note 11. As the School has no control over pension benefits or contribution rates, we expect this deficit net position to continue going forward.

NOTE 7: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND LEGAL COMPLIANCE

Claims and Judgments

The School participates in state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School is required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND LEGAL COMPLIANCE (Continued)

Tabor Amendment (Continued)

The School is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and assessed valuation. Revenue received in excess of the limitations may be required to be refunded, unless authorized through ballot measure to retain the revenue. The Tabor Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Tabor Amendment requires the School to establish a reserve for emergencies. At June 30, 2020, the School's reserve of \$395,000 was recorded as a restricted fund balance in the General Fund.

NOTE 8: RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of; damage to; destruction of assets; injuries to employees; and natural disasters. The School funds its outside insurance purchases, deductibles, and uninsured losses through the general fund. The School continues to carry commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial coverage.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

- As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

General Information about the Pension Plan

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

- \$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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2019: 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 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.15%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.38%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.38%

¹ Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

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

Pursuant to C.R.S. § 24-51-414, PERA is to receive an annual direct distribution from the State of Colorado in the amount of \$225 million (in actual dollars). Beginning in 2018, the distribution will occur each July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.

House Bill (HB) 20-1379, signed by Governor Polis on June 29, 2020, suspends the July 1, 2020, direct distribution.

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 \$1,238,447 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The School proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2020, the School reported a liability of \$16,351,209 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

District's proportionate share of the net pension liability	\$	(16,351,209)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$	(1,840,499)
Total	\$	(18,191,708)

At December 31, 2019, the School proportion was 0.10945 percent, which was an increase of 0.00239 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension expense of \$675,861 and revenue of \$1,840,499 for support from the State as a nonemployer contributing entity. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 891,317	\$ -
Changes of assumptions or other inputs	\$ 497,492	\$ (7,254,722)
Net difference between projected and actual earnings on pension plan investments	\$ 1,706,773	\$ (3,750,080)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 505,832	\$ (1,057,012)
Contributions subsequent to the measurement date	\$ 684,272	\$ -
Total	\$ 4,285,686	\$ (12,061,814)

\$684,272 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30:	Fiscal Year Totals
2021	\$ (4,620,368)
2022	(3,282,439)
2023	101,304
2024	(658,897)
Total	\$ (8,460,400)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) ¹	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

¹ For 2019, the AI was 0.0%

Healthy mortality assumptions for active members reflect the 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 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- 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 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional .50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included 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 of Colorado as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

**THE VANGUARD SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (21,685,205)	\$ (16,351,209)	\$ (11,872,856)

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

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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 comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10: DEFINED CONTRIBUTION PENSION PLAN (Continued)

Voluntary Investment Program (Continued)

Funding Policy

The 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. The School does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2020 program members contributed \$26,165.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position 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.

General Information about the OPEB Plan

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

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

PERA Benefit Structure

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

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

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$65,587 for the year ended June 30, 2019.

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

At June 30, 2020, the School reported a liability of \$803,799 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the School's proportion was 0.07151 percent, which was an increase of 0.00193 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the School's recognized OPEB expense of \$66,877. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 2,473	\$ (135,037)
Net difference between projected and actual earnings on pension plan investments	\$ 12,594	\$ (25,790)
Changes of assumptions or other inputs	\$ 6,522	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 66,893	\$ -
Contributions subsequent to the measurement date	\$ 35,848	\$ -
Total	\$ 124,330	\$ (160,827)

\$35,848 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, 2021. 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:	Fiscal Year Totals
2021	\$ (11,724)
2022	(11,724)
2023	(8,121)
2024	(17,824)
2025	(21,634)
2026	(1,318)
Total	\$ (72,345)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension 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	5.60% for 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% for 2019, gradually rising to 4.50% in 2029
DPS Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/ Self-Insurance Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/ Self-Insurance Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, 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 VANGUARD SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the 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 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 percentage and then adding expected inflation.

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

As of the November 18, 2016, adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Trend Rate	1% Increase
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB asset (liability)	\$ (784,705)	\$ (803,799)	\$ (825,863)

**THE VANGUARD SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members.
- assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

THE VANGUARD SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (908,856)	\$ (803,799)	\$ (713,953)

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

NOTE 12: SPECIAL ITEM - PPP LOAN PROCEEDS

The School received a CARES Act Paycheck Protection Program (PPP) loan through the SBA dated May 7, 2020 in the amount of \$1,848,800. The school applied for and received bank acceptance for full forgiveness of the loan and is awaiting final approval from SBA.

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**Required Supplementary Information
(Pension and OPEB Schedules Unaudited)**

THE VANGUARD SCHOOL

SCHEDULE OF THE SCHOOL'S PORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>School's proportion of the net pension asset (liability)</u>	<u>School's proportionate share of the net pension asset (liability)</u>	<u>Non-employer contributing entity's total proportionate share of the net pension asset (liability)</u>	<u>Total proportionate share associated with School</u>	<u>School's covered payroll</u>	<u>School's proportionate share of the net pension asset (liability) as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.091667%	\$ (11,692,101)	\$ -	\$ (11,692,101)	\$ 3,695,389	316.40%	64.07%
June 30, 2015	0.087583%	\$ (11,870,480)	\$ -	\$ (11,870,480)	\$ 3,669,112	323.52%	62.84%
June 30, 2016	0.090956%	\$ (13,911,128)	\$ -	\$ (13,911,128)	\$ 3,963,856	350.95%	59.16%
June 30, 2017	0.090085%	\$ (26,821,674)	\$ -	\$ (26,821,674)	\$ 4,043,159	663.38%	43.13%
June 30, 2018	0.116643%	\$ (37,718,301)	\$ -	\$ (37,718,301)	\$ 5,380,618	701.00%	43.96%
June 30, 2019	0.107056%	\$ (18,956,532)	\$ (2,280,250)	\$ (21,236,782)	\$ 5,885,465	322.09%	57.01%
June 30, 2020	0.109447%	\$ (16,351,209)	\$ (1,840,499)	\$ (18,191,708)	\$ 6,390,335	255.87%	64.52%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL

SCHEDULE OF SCHOOL'S CONTRIBUTIONS

**PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>School's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2014	\$ 573,894	\$ (573,894)	\$ -	\$ 3,695,389	15.53%
June 30, 2015	\$ 602,835	\$ (602,835)	\$ -	\$ 3,669,112	16.43%
June 30, 2016	\$ 686,936	\$ (686,936)	\$ -	\$ 3,963,856	17.33%
June 30, 2017	\$ 733,025	\$ (733,025)	\$ -	\$ 4,043,159	18.13%
June 30, 2018	\$ 1,002,409	\$ (1,002,409)	\$ -	\$ 5,380,618	18.63%
June 30, 2019	\$ 1,125,889	\$ (1,125,889)	\$ -	\$ 5,885,465	19.13%
June 30, 2020	\$ 1,238,447	\$ (1,238,447)	\$ -	\$ 6,390,335	19.38%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾

Fiscal Year Ended	School's proportion of the net OPEB asset (liability)	School's proportionate share of the net OPEB asset (liability)	School's covered payroll	School's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.063811%	\$ (827,327)	\$ 4,043,159	20.462%	16.70%
June 30, 2018	0.066276%	\$ (861,327)	\$ 5,380,618	16.008%	17.53%
June 30, 2019	0.069587%	\$ (946,763)	\$ 5,885,465	16.086%	17.03%
June 30, 2020	0.071512%	\$ (803,799)	\$ 6,390,335	12.578%	24.49%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL

SCHEDULE OF SCHOOL'S CONTRIBUTIONS - OPEB

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>School's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2017	\$ 41,240	\$ (41,240)	\$ -	\$ 4,043,159	1.02%
June 30, 2018	\$ 54,882	\$ (54,882)	\$ -	\$ 5,380,618	1.02%
June 30, 2019	\$ 60,032	\$ (60,032)	\$ -	\$ 5,885,465	1.02%
June 30, 2020	\$ 65,181	\$ (65,181)	\$ -	\$ 6,390,335	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

THE VANGUARD SCHOOL
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				
	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
REVENUES					
Local Sources					
Per Pupil Revenue Allocation	\$ 11,784,954	\$ 11,721,718	\$ 12,069,791	\$ 348,073	\$ 10,439,126
Tuition From Individuals	35,000	35,000	15,371	(19,629)	259,346
Investment Earnings	15,000	30,000	34,592	4,592	42,629
Pupil Activity Revenues	50,000	100,000	5,980	(94,020)	13,947
Fees	89,330	61,000	75,119	14,119	99,530
Rent Revenue	70,000	80,000	76,519	(3,481)	88,288
Donations	5,000	5,000	40,846	35,846	86,637
Instructional Materials Fees	111,663	100,000	92,885	(7,115)	104,401
Insurance Proceeds	-	-	9,255	9,255	616,994
Other Local	10,000	200,000	2,202	(197,798)	28,396
Total Local Sources	<u>12,170,947</u>	<u>12,332,718</u>	<u>12,422,560</u>	<u>89,842</u>	<u>11,779,294</u>
State Sources					
State Grants from CDE					
Capital Construction- Charter Schools	372,210	373,750	416,881	43,131	405,814
State ECEA (Special Education)	60,000	55,000	62,809	7,809	54,742
Best Capital Construction Program	-	-	9,964	9,964	90,311
Kindergarten Facility Grant	-	-	39,966	39,966	-
AP Exam Fee Grant	-	-	477	477	744
State Grants from Other Agencies					
State PERA Contribution	-	-	157,081	157,081	153,950
Total State Sources	<u>432,210</u>	<u>428,750</u>	<u>687,178</u>	<u>258,428</u>	<u>705,561</u>
Federal Sources					
Federal Grants from CDE					
NCLB Title I, Part A- Imp Basic Prgrms Oper by Sch	65,000	95,000	98,687	3,687	96,822
Coronavirus Relief Fund	-	-	25,601	25,601	-
NCLB Title II, Part A- Teacher & Principal Trng	8,000	11,000	12,500	1,500	11,000
Federal Grants from Other State Agencies					
Economic Injury Disaster Advance	-	-	10,000	10,000	-
Total Federal Sources	<u>73,000</u>	<u>106,000</u>	<u>146,788</u>	<u>40,788</u>	<u>107,822</u>
TOTAL REVENUES	<u>12,676,157</u>	<u>12,867,468</u>	<u>13,256,526</u>	<u>389,058</u>	<u>12,592,677</u>
EXPENDITURES					
Instruction					
Salaries	5,131,463	5,049,360	5,240,349	(190,989)	4,857,596
Benefits	2,150,434	2,179,724	1,809,569	370,155	1,643,303
PS-Professional	-	70,000	53,401	16,599	11,000
PS-Other	240,300	236,217	176,817	59,400	203,555
Supplies	273,805	301,983	126,324	175,659	298,265
Property	25,000	25,000	36,584	(11,584)	55,252
Other Expenses	24,333	24,425	18,567	5,858	20,790
Total Instruction	<u>7,845,335</u>	<u>7,886,709</u>	<u>7,461,611</u>	<u>425,098</u>	<u>7,089,761</u>
Supporting Services					
Pupil Support					
Salaries	169,072	169,072	158,330	10,742	157,338
Benefits	-	-	54,574	(54,574)	53,033
Supplies	103	103	28	75	94
Total Pupil Support	<u>169,175</u>	<u>169,175</u>	<u>212,932</u>	<u>(43,757)</u>	<u>210,465</u>
Staff Support					
Salaries	159,320	159,320	96,191	63,129	119,513
Benefits	-	-	23,393	(23,393)	32,985
PS- Professional	5,000	5,000	750	4,250	815
PS-Other	30,000	30,000	16,485	13,515	29,181
Supplies	47,888	47,888	44,319	3,569	44,979
Total Staff Support	<u>242,208</u>	<u>242,208</u>	<u>181,138</u>	<u>61,070</u>	<u>227,473</u>
General Administration					
Salaries	302,037	302,037	327,308	(25,271)	251,103
Benefits	-	-	65,128	(65,128)	54,761
PS- Professional	31,000	32,000	54,949	(22,949)	61,801
PS-Other	8,291	8,288	6,137	2,151	7,752
Supplies	285	285	101	184	254
Total General Administration	<u>341,613</u>	<u>342,610</u>	<u>453,623</u>	<u>(111,013)</u>	<u>375,671</u>
School Administration					
Salaries	623,468	623,468	644,070	(20,602)	687,195
Benefits	-	-	200,403	(200,403)	212,789
PS- Professional	80,000	75,000	41,134	33,866	70,550
PS-Other	93,000	83,000	72,489	10,511	87,735
Supplies	22,721	22,721	10,025	12,696	25,850
Total School Administration	<u>819,189</u>	<u>804,189</u>	<u>968,121</u>	<u>(163,932)</u>	<u>1,084,119</u>

See the accompanying Independent Auditors' Report

(Continued)

THE VANGUARD SCHOOL
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	154,594	154,594	157,185	(2,591)	165,541
Benefits	-	-	46,711	(46,711)	47,544
PS-Other	60,000	60,000	351,620	(291,620)	127,784
Supplies	2,662	2,621	1,522	1,099	2,374
Total Business Services	217,256	217,215	557,038	(339,823)	343,243
Operations and Maintenance					
Salaries	411,426	660,169	346,549	313,620	335,805
Benefits	-	-	112,302	(112,302)	105,836
PS- Professional	8,000	8,000	11,204	(3,204)	7,082
PS- Property	2,018,000	2,022,000	421,223	1,600,777	436,741
Supplies	202,072	202,072	149,331	52,741	184,303
Property	5,000	5,000	2,500	2,500	565,578
Total Operations and Maintenance	2,644,498	2,897,241	1,043,109	1,854,132	1,635,345
Transportation					
PS- Property	5,000	5,000	1,474	3,526	1,400
Property	1,000	1,000	-	1,000	24,400
Total Transportation	6,000	6,000	1,474	4,526	25,800
Other Central Support					
Salaries	114,900	114,900	139,507	(24,607)	156,881
Benefits	-	-	39,944	(39,944)	45,559
PS- Professional	65,000	65,000	50,718	14,282	61,797
PS-Other	66,815	66,798	54,727	12,071	60,014
Supplies	66,802	66,802	39,284	27,518	58,394
Property	45,000	60,000	65,185	(5,185)	30,578
Total Other Central Support	358,517	373,500	389,365	(15,865)	413,223
Risk Management					
Benefits	54,732	55,315	27,348	27,967	52,078
PS-Other	60,360	60,340	60,096	244	60,868
Total Risk Management	115,092	115,655	87,444	28,211	112,946
Other Supporting Services					
PS- Property	2,500	1,000	-	1,000	865
Food Service					
PS-Other	13,000	13,000	10,704	2,296	12,307
Total Supporting Services	4,929,048	5,181,793	3,904,948	1,276,845	4,441,457
Facilities/Capital Outlay					
Buildings	50,000	50,000	306,769	(256,769)	217,686
Equipment	-	-	4,925	(4,925)	-
Total Facilities/Capital Outlay	50,000	50,000	311,694	(261,694)	217,686
Debt Service					
Payments to Foundation	-	-	1,446,197	(1,446,197)	1,387,435
TOTAL EXPENDITURES	12,824,383	13,118,502	13,124,450	(5,948)	13,136,339
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(148,226)	(251,034)	132,076	383,110	(543,662)
OTHER FINANCING SOURCES (USES)					
Transfers	275,000	275,000	255,644	(19,356)	298,482
CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	126,774	23,966	387,720	363,754	(245,180)
SPECIAL ITEM - PPP LOAN PROCEEDS	-	-	1,848,800	1,848,800	-
CHANGE IN FUND BALANCE	126,774	23,966	2,236,520	2,212,554	(245,180)
BEGINNING FUND BALANCE	2,818,065	2,818,065	2,818,065	-	3,063,245
ENDING FUND BALANCE	\$ 2,944,839	\$ 2,842,031	\$ 5,054,585	\$ 2,212,554	\$ 2,818,065

See accompanying Independent Auditors' Report.

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Other Supplementary Information

THE VANGUARD SCHOOL
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Sports Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
REVENUES					
Local Sources					
Pupil Activity Revenues	\$ 26,000	\$ 27,000	\$ 40,930	\$ 13,930	\$ 29,612
Fees	100,000	100,000	47,094	(52,906)	65,723
Total Local Sources	<u>126,000</u>	<u>127,000</u>	<u>88,024</u>	<u>(38,976)</u>	<u>95,335</u>
EXPENDITURES					
Instruction					
Salaries	85,000	85,000	78,600	6,400	64,300
Benefits	18,573	18,573	14,645	3,928	13,779
PS-Professional	20,000	20,000	12,660	7,340	15,850
PS-Other	20,000	20,000	14,393	5,607	22,199
Supplies	54,310	53,910	22,876	31,034	17,341
Other Expenses	4,520	4,517	2,759	1,758	5,528
Total Instruction	<u>202,403</u>	<u>202,000</u>	<u>145,933</u>	<u>56,067</u>	<u>138,997</u>
Supporting Services					
Operations and Maintenance					
PS- Property	-	-	3,919	(3,919)	1,646
TOTAL EXPENDITURES	<u>202,403</u>	<u>202,000</u>	<u>149,852</u>	<u>52,148</u>	<u>140,643</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURE	(76,403)	(75,000)	(61,828)	13,172	(45,308)
OTHER FINANCING SOURCES (USES)					
Transfers	50,000	75,000	74,152	(848)	61,081
CHANGE IN FUND BALANCE	(26,403)	-	12,324	12,324	15,773
BEGINNING FUND BALANCE	15,773	15,773	15,773	-	-
ENDING FUND BALANCE	<u>\$ (10,630)</u>	<u>\$ 15,773</u>	<u>\$ 28,097</u>	<u>\$ 12,324</u>	<u>\$ 15,773</u>

See accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(With Comparative Totals for June 30, 2019)

	Agency Funds		Totals	
	CMCA Foundation Fund	Student Activity Agency Fund	2020	2019
ASSETS				
Cash and Investments	\$ 1,552,972	\$ 63,293	\$ 1,616,265	\$ 2,511,729
Capital Assets not Being Depreciated	3,475,000	-	3,475,000	3,475,000
Capital Assets Being Depreciated	24,117,960	-	24,117,960	24,117,960
Accumulated Depreciation	(7,789,581)	-	(7,789,581)	(7,148,517)
TOTAL ASSETS	<u>21,356,351</u>	<u>63,293</u>	<u>21,419,644</u>	<u>22,956,172</u>
DEFERRED OUTFLOWS OF NET POSITION				
Deferred Charge on Refunding	654,383	-	654,383	696,689
TOTAL ASSETS AND DEFERRED INFLOWS	<u>\$ 22,010,734</u>	<u>\$ 63,293</u>	<u>\$ 22,074,027</u>	<u>\$ 23,652,861</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Liabilities				
Accrued Interest	\$ 38,871	\$ -	\$ 38,871	\$ 39,654
Notes Payable	23,755,000	-	23,755,000	24,225,000
Total Liabilities	<u>23,793,871</u>	<u>-</u>	<u>23,793,871</u>	<u>24,264,654</u>
Deferred Inflows of Financial Resources				
Deferred Inflows	706,563	-	706,563	752,243
Net Position				
Restricted for Student Activity/Scholarship	-	63,293	63,293	69,738
Unrestricted Net Position (Deficit)	(2,489,700)	-	(2,489,700)	(1,433,774)
Total Net Position	<u>(2,489,700)</u>	<u>63,293</u>	<u>(2,426,407)</u>	<u>(1,364,036)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 22,010,734</u>	<u>\$ 63,293</u>	<u>\$ 22,074,027</u>	<u>\$ 23,652,861</u>

See the accompanying Independent Auditors' Report

THE VANGUARD SCHOOL
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Agency Funds</u>		<u>Totals</u>	
	<u>CMCA</u>	<u>Student</u>	<u>2020</u>	<u>2019</u>
	<u>Foundation</u>	<u>Activity</u>		
	<u>Fund</u>	<u>Agency Fund</u>		
ADDITIONS				
Local Sources	\$ 1,444,320	\$ 76,755	\$ 1,521,075	\$ 2,402,287
DEDUCTIONS				
Instruction	-	83,200	83,200	69,131
Operations and Maintenance	1,537,036	-	1,537,036	738,791
Debt Service	947,543	-	947,543	959,519
TOTAL DEDUCTIONS	<u>2,484,579</u>	<u>83,200</u>	<u>2,567,779</u>	<u>1,767,441</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,040,259)</u>	<u>(6,445)</u>	<u>(1,046,704)</u>	<u>634,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(15,667)	-	(15,667)	-
CHANGE IN FIDUCIARY NET POSITION	<u>(1,055,926)</u>	<u>(6,445)</u>	<u>(1,062,371)</u>	<u>634,846</u>
BEGINNING NET POSITION	<u>(1,433,774)</u>	<u>69,738</u>	<u>(1,364,036)</u>	<u>(1,998,882)</u>
ENDING NET POSITION	<u>\$ (2,489,700)</u>	<u>\$ 63,293</u>	<u>\$ (2,426,407)</u>	<u>\$ (1,364,036)</u>

See the accompanying Independent Auditors' Report

THE VANGUARD SCHOOL
Statement of Changes in Fiduciary Net Position
Budget and Actual
CMCA Foundation Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Variance with Final Budget	2019 Actual
	Original & Final Budget	Actual		
ADDITIONS				
Investment Earnings	\$ -	\$ 22,520	\$ 22,520	\$ 46,015
Rent Revenue	1,500,000	1,421,800	(78,200)	1,387,435
Insurance Proceeds	-	-	-	886,718
TOTAL ADDITIONS	<u>1,500,000</u>	<u>1,444,320</u>	<u>(55,680)</u>	<u>2,320,168</u>
DEDUCTIONS				
Operations and Maintenance	-	1,537,036	(1,537,036)	738,791
Interest Expense	<u>1,500,000</u>	<u>947,543</u>	<u>552,457</u>	<u>959,519</u>
TOTAL DEDUCTIONS	<u>1,500,000</u>	<u>2,484,579</u>	<u>(984,579)</u>	<u>1,698,310</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURE	-	(1,040,259)	(1,040,259)	621,858
OTHER FINANCING SOURCES (USES)				
Transfers	-	(15,667)	(15,667)	-
CHANGE IN FIDUCIARY NET POSITION	-	(1,055,926)	(1,055,926)	621,858
BEGINNING NET POSITION	<u>(1,443,774)</u>	<u>(1,433,774)</u>	<u>10,000</u>	<u>(2,055,632)</u>
ENDING NET POSITION	<u><u>\$ (1,443,774)</u></u>	<u><u>\$ (2,489,700)</u></u>	<u><u>\$ (1,045,926)</u></u>	<u><u>\$ (1,433,774)</u></u>

See the accompanying Independent Auditors' Report

THE VANGUARD SCHOOL
Statement of Changes in Fiduciary Net Position
Budget and Actual
Student Activity Agency Fund
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019
	Original Budget	Final Budget	Actual	Variance with Final Budget	
ADDITIONS					
Pupil Activity Revenues	\$ 170,000	\$ 170,000	\$ 76,755	\$ (93,245)	\$ 14,154
Fees	-	-	-	-	4,415
TOTAL ADDITIONS	170,000	170,000	76,755	(93,245)	18,569
DEDUCTIONS					
Instruction	105,000	110,000	83,200	26,800	5,581
CHANGE IN FIDUCIARY NET POSITION	65,000	60,000	(6,445)	(66,445)	12,988
BEGINNING NET POSITION	69,738	69,738	69,738	-	56,750
ENDING NET POSITION	\$ 134,738	\$ 129,738	\$ 63,293	\$ (66,445)	\$ 69,738

See the accompanying Independent Auditors' Report