

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*

Financial Statements

**June 30, 2020**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
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June 30, 2020

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**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditors' Report

Board of Directors  
SkyView Academy  
Highlands Ranch, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the SkyView Academy, component unit of Douglas County School District, 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 SkyView Academy, 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 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 from 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 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 internal control. 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the SkyView Academy as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 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.

*Hick & Company, PC*

Greenwood Village, Colorado  
October 7, 2020



**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

This Management Discussion and Analysis (MD&A) of SkyView Academy's (the "School") financial performance is offered as an overview of financial activities for the fiscal year ended June 30, 2020. The intent of this narrative analysis is to review the School's financial performance in conjunction with the complete annual audit report. Readers should review the complete Financial Statements, including the Notes to Financial Statements, to heighten understanding of the School's financial performance.

**Financial Highlights**

The period from July 1, 2019 through June 30, 2020 marks the tenth year of operation for the School. The School has been very successful during the first nine years to grow a stable foundation for the School's future. For the school year 19-20, the School will offer classes from preschool to 12<sup>th</sup> grade. We continue to look for growth in the High School to fill grades to maximum capacity. In 19-20, we saw an increase in our enrollment in the elementary grades that were low in the 17-18 and 18-19 years. Our student count overall was 30 more than 18-19.

**Overview of Financial Statements**

This financial review is intended to serve as an introduction to the School's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements also contain other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

Government-wide financial statements are prepared to provide interested parties with a reliable overview of the School's financial reporting in similar format to private-sector business. The statement of net position presents information related to assets and liabilities, deferred inflows, and outflows, and remaining net position. With historical data, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities, or income statement, presents information showing how the School's net position changed during the most recent fiscal year. Changes to net position are reported at the time the underlying event 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 (e.g., salaries and benefits earned but unpaid as of fiscal year end).

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School scrutinizes these funds 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, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

The School adopts an annual budget for the General Fund. A budgetary comparison has been provided to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

The SkyView Academy Building Corporation is considered a component unit of the School and is reported as a proprietary fund. Information is presented in the statement of net position, statement of revenues, expenses and changes in net position and the statement of cash flows.

The SkyView Academy Foundation is considered a component unit of the School and is reported discretely in the financial statements.

**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**

Net position of \$415,856 was reported to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. The School reported \$212,267 invested in capital assets. The negative net position of (\$24,165,449) is due primarily to the adoption of GASB Statement No. 68 and No. 75 resulting in a net pension and net OPEB liability of \$17,464,480 representing the School's proportionate share of PERA's net pension liability and OPEB liability.

We continue to report the GASB pronouncement in regard to PERA on Defined Benefit Pension Plan and the Other Postemployment healthcare benefits plan. A liability was recorded based on the salary amounts for the 2019 year. The Pension liability this year decreased by almost 13% and is also based off salary. As expected, PERA contributions increased for both employers and employees in 2020, the liability held by the School decreased. Notes 7 and 8 to the financial statements provides further information on the PERA pension and benefits liabilities.

As of June 30, 2020, the business-type activities had a net investment in capital assets of (\$6,267,939) with \$2,349,289 restricted for debt, \$240,451 restricted for Repair and Replacement and \$2,066 unrestricted. The business-type activities had a negative net position of (\$3,676,133) on June 30, 2020.

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

**Table I: Net Position**

|   | 2020<br>Governmental<br>Activities | 2020<br>Business<br>Type<br>Activities | 2019<br>Governmental<br>Activities | 2019<br>Business<br>Type<br>Activities |
|---|------------------------------------|--|------------------------------------|--|
| <b>ASSETS</b>                               |                                    |  |                                    |  |
| Capital Assets, Net                         | 212,267                            | 21,677,061                             | 242,800                            | 22,165,989                             |
| Other Assets                                | 4,603,535                          | 3,325,115                              | 2,275,297                          | 3,308,756                              |
| <b>Total Assets</b>                         | <b>4,815,802</b>                   | <b>25,002,176</b>                      | <b>2,518,097</b>                   | <b>25,474,745</b>                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                    |  |                                    |  |
| Pensions/OPEB, Net                          | 2,779,639                          |  | 6,210,443                          | -                                      |
| <b>Total Deferred Outflows of Resources</b> | <b>2,779,639</b>                   |  | <b>6,210,443</b>                   | -                                      |
| <b>LIABILITIES</b>                          |                                    |  |                                    |  |
| Long Term Liabilities                       | 18,606,048                         | 27,515,000                             | 20,245,079                         | 27,945,000                             |
| Other Liabilities                           | 1,394,226                          | 1,163,309                              | 700,273                            | 1,163,951                              |
| <b>Total Liabilities</b>                    | <b>20,000,274</b>                  | <b>28,678,309</b>                      | <b>20,945,352</b>                  | <b>29,108,951</b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                                    |  |                                    |  |
| Pensions/OPEB, Net                          | <b>11,760,616</b>                  |  | <b>14,468,134</b>                  | -                                      |
| <b>NET POSITION</b>                         |                                    |  |                                    |  |
| Net Investment in Capital Assets            | 212,267                            | (6,267,939)                            | 242,800                            | (6,184,011)                            |
| Restricted for Debt Service                 |                                    | 2,349,289                              |                                    | 2,308,238                              |
| Restricted for Repair and Replacement       |                                    | 240,451                                |                                    | 238,001                                |
| Restricted for Emergencies                  | 415,856                            |  | 389,581                            |  |
| Unrestricted                                | (24,793,572)                       | 2,066                                  | (27,317,327)                       | 3,566                                  |
| <b>Total Net Position</b>                   | <b>(24,165,449)</b>                | <b>(3,676,133)</b>                     | <b>(26,684,946)</b>                | <b>(3,634,206)</b>                     |

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

**Table II: Change in Net Position**

|  | 2020<br>Governmental<br>Activities | 2020<br>Business<br>Type<br>Activities | 2019<br>Governmental<br>Activities | 2019<br>Business<br>Type<br>Activities |
|--|------------------------------------|--|------------------------------------|--|
| <b>REVENUES</b>                              |                                    |  |                                    |  |
| <i>General Revenues</i>                      |                                    |  |                                    |  |
| Per Pupil Revenue                            | 10,562,498                         |  | 9,599,241                          |  |
| Mill Levy                                    | 1,500,381                          |  | 1,462,260                          |  |
| Capital Construction Funding                 | 360,274                            |  | 368,181                            |  |
| Contributions                                | 145,146                            |  | 55,050                             |  |
| Investment Earnings                          | 2,202                              | 26,831                                 |                                    | 43,351                                 |
| Other  | 89,689                             |  | 70,100                             |  |
| <i>Program Revenues</i>                      |                                    |  |                                    |  |
| Charges for Services:<br>Instruction         | 1,002,495                          |  | 1,448,918                          |  |
| Charges for Services:<br>Supporting Services | 22,830                             |  | 30,180                             |  |
| Grants                                       | 185,421                            |  | 106,862                            |  |
| <b>Total Revenue</b>                         | <b>13,870,936</b>                  | <b>26,831</b>                          | <b>13,140,792</b>                  | <b>43,351</b>                          |
| <b>EXPENSES</b>                              |                                    |  |                                    |  |
| Instruction                                  | 6,135,526                          |  | 5,995,095                          |  |
| Supporting Services                          | 3,242,274                          |  | 3,567,015                          |  |
| Building Corporation                         |                                    | 2,042,397                              |                                    | 2,170,016                              |
| <b>Total Expenses</b>                        | <b>9,377,800</b>                   | <b>2,042,397</b>                       | <b>9,562,110</b>                   | <b>2,170,016</b>                       |
| Transfers                                    | (1,973,639)                        | 1,973,639                              | (2,144,681)                        | 2,144,681                              |
| <b>Change in Net Position</b>                | <b>2,519,497</b>                   | <b>(41,927)</b>                        | <b>1,434,001</b>                   | <b>18,016</b>                          |
| <b>Net Position, Beginning</b>               | <b>(26,684,946)</b>                | <b>(3,634,206)</b>                     | <b>(28,118,947)</b>                | <b>(3,652,222)</b>                     |
| <b>Net Position, Ending</b>                  | <b>(24,165,449)</b>                | <b>(3,676,133)</b>                     | <b>(26,684,946)</b>                | <b>(3,634,206)</b>                     |

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

**Fund Financial Analysis**

**General Fund**

*Income* – Total revenue for the period of July 1, 2019 – June 30, 2020 was \$13,964,065. The majority of income was received in the form of Per Pupil Revenue (PPR) allocated to the School from the State of Colorado through the charter authorized by Douglas County School District. This increase in the PPR rate and state capital increases provided a 4.76% increase to PPR as well as additional increases to instructional service charges and other revenue amounts. An additional \$145,146 was contributed by the Skyview Academy Foundation to fund property and technology expenses. Additional income was realized with the PERA Direct Distribution allocation from the State at \$159k as Grant income. A decrease in student tuition and fees was recognized due to the closure in the school that did not allow for the tuition programs to be open. The school received funds in late May from the SBA PPP program. These funds, \$1,760,500, are recognized as Proceeds from a Loan. The forgiveness of this loan is still unknown.

*Expenditures* - Total expenditures for the period of July 1, 2019 – June 30, 2020 were \$13,861,893. Salaries were \$7,204,720; benefits were \$2,410,422; purchased services were \$3,634,475, materials and supplies were \$480,351, property was \$99,072 and other expenses were \$32,853. A transfer out of \$102,650 also occurred to fund the playground to move capital assets to the Building Corp. A transfer in of \$25,175 occurred to transfer excess investment funds from the Building Corp to SkyView Academy. Increased expenses were recognized in comparison with the prior year due to additional/realignment of staff members and benefits. The PERA Direct Distribution allocation added expense to benefits due to the change in Pension Liability. Expenses in areas of supplies and property decreased with the school going online after March 13<sup>th</sup>.

*Net Income* – For the year ended June 30, 2020, the General Fund recorded a net income of \$1,785,197. For this year, the School saw a year of a substantial increase in PPR funding, as we did in the 18-19 school year. This increase in funding allowed us to continue with our new compensation plan for teachers and add some support staff positions.

**SkyView Academy Building Corporation**

*Income* – Total gross income for the period of July 1, 2019 – June 30, 2020 was \$2,025,645. This included lease revenue of \$1,896,164 received from the School. An additional \$26,831 was received as investment income. A transfer in of \$102,650 was recorded to record the playground asset on the Building Corp.

*Expenses* - Total expenses for the period of July 1, 2019 – June 30, 2020 were \$2,042,397. Operating expenses included \$591,579 in depreciation, \$1,488 in other expenses, and \$1,449,330 in interest expense.

*Net Loss*– As of June 30, 2020, the SkyView Academy Building Corporation recorded a decrease in net position of (\$41,927). The small decrease is related to interest due on the \$29 million debt, less investment income and depreciation.

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

**Analysis of Significant Budget Variations: General Fund**

The original budget for the General Fund was adopted in the spring of 2019 for the 2019/20 school year. At the time of the original budget adoption, student count and funding levels had yet to be determined. The School operated year ten serving 1363 students, including Preschool.

Mostly minor adjustments were made between the time of the original budget adoption and the final 2019/20 budget approved late-fall 2019. Changes occurred with the PERA income and expense as this was not known in the spring. PERA also increased at a higher percentage than what was known in the spring. Other minor adjustments made were all based off the student count. The School received actual income less than budgeted revenues but saw a savings in expenses. Overall, the net variance of actual to budget was around 3%. Major variances came from closing the building and moving to online learning in mid-March. The loss of tuition-based income for 2.5 months and return of some student fees made our income drop. The category of Purchased Services, Supplies and Property saw a savings due to less funds spent in having the building closed. Some consultants we were able to stop payment and operationally we were able to turn off the lights and stop trash pickup. There are no known variations that are expected to have a significant effect on future services or liquidity. We did, however, receive funding with the SBA PPP program. These funds, noted as Proceeds from Loan, total \$1,760,500. The forgiveness application, at time of final audit, has not yet been released by our lender. SkyView Academy will submit the forgiveness details once available. Currently these funds are being held in their own bank account until the forgiveness is completed.

**Capital Assets and Debt Administration**

*Capital assets* - SkyView Academy Building Corporation investment in capital assets as of June 30, 2020 amounts to \$21,677,061, net of accumulated depreciation. These assets account for the land, land improvements, and building improvements related to the new facility. See Note 4 to the financial statements for additional information on capital assets.

*Short-term and Long-term debt* - As of June 30, 2020, the Building Corporation had outstanding debt of \$27,945,000. The amount due in one year is \$430,000 and will be paid on July 1. The remaining balance of \$27,515,000 will be paid out over the term of the loan. A refinancing of the Bond debt occurred in July 2014. The first principal payment was made in the 2017-18 school year. Note 5 to the financial statements provides further information on the long-term debt and the refinancing.

**Economic Factors and Next Year's Budget**

The primary factor driving the budget for the School is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. The School regularly reviews projected plans for PPR funding and budget impact. Overall economics of our State during the pandemic are being watched very closely. The pandemic has had a major impact to our future budget planning. We also continue to watch the economics of our District and the enrollment patterns seen across the county. Student growth, facility financing costs and additional considerations specific to the facility are all considered in the strategic budgeting process for 2020/21-2021/22. The School is confident in preparations for potential impact to the School's basic funding source.

**SkyView Academy**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2020

**Requests for Information**

This financial report is designed to provide a general overview of SkyView Academy'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:

SkyView Academy  
6161 Business Center Drive  
Highlands Ranch, CO 80130

## **Basic Financial Statements**

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Statement of Net Position  
June 30, 2020

|  | Primary Government         |                             |                        | Component<br>Unit<br>Foundation |
|--|----------------------------|-----------------------------|------------------------|---------------------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                  |                                 |
| <b>Assets</b>  |                            |                             |                        |                                 |
| Cash and Investments                                   | \$ 4,599,504               | \$ 2,066                    | \$ 4,601,570           | \$ 116,293                      |
| Restricted Cash and Investments                        | -                          | 3,323,049                   | 3,323,049              | -                               |
| Prepaid Expenses                                       | 4,031                      | -                           | 4,031                  | -                               |
| Capital Assets, <i>Not Being Depreciated</i>           | -                          | 3,534,756                   | 3,534,756              | -                               |
| Capital Assets, <i>Net of Accumulated Depreciation</i> | 212,267                    | 18,142,305                  | 18,354,572             | -                               |
| <b>Total Assets</b>                                    | <b>4,815,802</b>           | <b>25,002,176</b>           | <b>29,817,978</b>      | <b>116,293</b>                  |
| <b>Deferred Outflows of Resources</b>                  |                            |                             |                        |                                 |
| Pensions, <i>Net of Accumulated Amortization</i>       | 2,670,561                  | -                           | 2,670,561              | -                               |
| OPEB, <i>Net of Accumulated Amortization</i>           | 109,078                    | -                           | 109,078                | -                               |
| <b>Total Deferred Outflows of Resources</b>            | <b>2,779,639</b>           | <b>-</b>                    | <b>2,779,639</b>       | <b>-</b>                        |
| <b>Liabilities</b>                                     |                            |                             |                        |                                 |
| Accounts Payable                                       | 72,456                     | -                           | 72,456                 | -                               |
| Accrued Salaries and Benefits                          | 608,988                    | -                           | 608,988                | -                               |
| Accrued Interest Payable                               | -                          | 733,309                     | 733,309                | -                               |
| Noncurrent Liabilities                                 |                            |                             |                        |                                 |
| Due Within One Year                                    | 712,782                    | 430,000                     | 1,142,782              | -                               |
| Due in More Than One Year                              | 1,141,568                  | 27,515,000                  | 28,656,568             | -                               |
| Net Pension Liability                                  | 16,646,124                 | -                           | 16,646,124             | -                               |
| Net OPEB Liability                                     | 818,356                    | -                           | 818,356                | -                               |
| <b>Total Liabilities</b>                               | <b>20,000,274</b>          | <b>28,678,309</b>           | <b>48,678,583</b>      | <b>-</b>                        |
| <b>Deferred Inflows of Resources</b>                   |                            |                             |                        |                                 |
| Deferred Revenue                                       | 541,708                    | -                           | 541,708                | -                               |
| Pensions, <i>Net of Accumulated Amortization</i>       | 11,067,734                 | -                           | 11,067,734             | -                               |
| OPEB, <i>Net of Accumulated Amortization</i>           | 151,174                    | -                           | 151,174                | -                               |
| <b>Total Deferred Inflows of Resources</b>             | <b>11,760,616</b>          | <b>-</b>                    | <b>11,760,616</b>      | <b>-</b>                        |
| <b>Net Position</b>                                    |                            |                             |                        |                                 |
| Net Investment in Capital Assets                       | 212,267                    | (6,267,939)                 | (6,055,672)            | -                               |
| Restricted for:  |                            |                             |                        |                                 |
| Debt Service   | -                          | 2,349,289                   | 2,349,289              | -                               |
| Repair and Replacement                                 | -                          | 240,451                     | 240,451                | -                               |
| Emergencies  | 415,856                    | -                           | 415,856                | -                               |
| Unrestricted   | (24,793,572)               | 2,066                       | (24,791,506)           | 116,293                         |
| <b>Total Net Position</b>                              | <b>\$ (24,165,449)</b>     | <b>\$ (3,676,133)</b>       | <b>\$ (27,841,582)</b> | <b>\$ 116,293</b>               |

See Notes to Financial Statements.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Statement of Activities  
For the Year Ended June 30, 2020

| Functions/Programs  | Expenses             | Program Revenues        |  | Net (Expense) Revenue<br>and Change in Net Position |                             |                        | Component<br>Unit<br>Foundation |
|---|----------------------|-------------------------|--|---|-----------------------------|------------------------|---------------------------------|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                          | Business-Type<br>Activities | Totals                 |                                 |
| <b>Primary Government</b>                                       |                      |                         |  |   |                             |                        |                                 |
| <i>Governmental Activities</i>                                  |                      |                         |  |   |                             |                        |                                 |
| Instruction   | \$ 6,135,526         | \$ 1,002,495            | \$ 166,053                               | \$ (4,966,978)                                      | \$ -                        | \$ (4,966,978)         | \$ -                            |
| Supporting Services   | <u>3,242,274</u>     | <u>22,830</u>           | <u>19,368</u>                            | <u>(3,200,076)</u>                                  | <u>-</u>                    | <u>(3,200,076)</u>     | <u>-</u>                        |
| Total Governmental Activities                                   | <u>9,377,800</u>     | <u>1,025,325</u>        | <u>185,421</u>                           | <u>(8,167,054)</u>                                  | <u>-</u>                    | <u>(8,167,054)</u>     | <u>-</u>                        |
| <i>Business-Type Activities</i>                                 |                      |                         |  |   |                             |                        |                                 |
| Building Corporation  | <u>2,042,397</u>     | <u>-</u>                | <u>-</u>                                 | <u>-</u>  | <u>(2,042,397)</u>          | <u>(2,042,397)</u>     | <u>-</u>                        |
| Total Primary Government  | <u>\$ 11,420,197</u> | <u>\$ 1,025,325</u>     | <u>\$ 185,421</u>                        | <u>(8,167,054)</u>                                  | <u>(2,042,397)</u>          | <u>(10,209,451)</u>    | <u>\$ -</u>                     |
| <b>Component Unit</b>   |                      |                         |  |   |                             |                        |                                 |
| Foundation  | <u>\$ 344,900</u>    | <u>\$ -</u>             | <u>\$ -</u>                              | <u>-</u>  | <u>-</u>                    | <u>-</u>               | <u>\$ (344,900)</u>             |
| <b>General Revenues</b>   |                      |                         |  |   |                             |                        |                                 |
| Per Pupil Revenue   |                      |                         |  | 10,562,498  | -                           | 10,562,498             | -                               |
| District Mill Levy  |                      |                         |  | 1,500,381   | -                           | 1,500,381              | -                               |
| Capital Construction  |                      |                         |  | 360,274   | -                           | 360,274                | -                               |
| Grants and Contributions not<br>Restricted to Specific Programs |                      |                         |  | 145,146   | -                           | 145,146                | 294,500                         |
| Investment Income   |                      |                         |  | 2,202   | 26,831                      | 29,033                 | -                               |
| Other   |                      |                         |  | 89,689  | -                           | 89,689                 | -                               |
| <b>Transfers</b>  |                      |                         |  | <u>(1,973,639)</u>                                  | <u>1,973,639</u>            | <u>-</u>               | <u>-</u>                        |
| Total General Revenues and Transfers                            |                      |                         |  | <u>10,686,551</u>                                   | <u>2,000,470</u>            | <u>12,687,021</u>      | <u>294,500</u>                  |
| Change in Net Position  |                      |                         |  | 2,519,497   | (41,927)                    | 2,477,570              | (50,400)                        |
| <b>Net Position, Beginning of year</b>                          |                      |                         |  | <u>(26,684,946)</u>                                 | <u>(3,634,206)</u>          | <u>(30,319,152)</u>    | <u>166,693</u>                  |
| <b>Net Position, End of year</b>                                |                      |                         |  | <u>\$ (24,165,449)</u>                              | <u>\$ (3,676,133)</u>       | <u>\$ (27,841,582)</u> | <u>\$ 116,293</u>               |

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Balance Sheet  
Governmental Fund  
June 30, 2020

|                                     | General      |
|-------------------------------------|--------------|
| <b>Assets</b>                       |              |
| Cash and Investments                | \$ 4,599,504 |
| Prepaid Expenditures                | 4,031        |
| Total Assets                        | \$ 4,603,535 |
| <b>Liabilities and Fund Balance</b> |              |
| <i>Liabilities</i>                  |              |
| Accounts Payable                    | 72,456       |
| Accrued Salaries and Benefits       | 608,988      |
| Unearned Revenue                    | 541,708      |
| Total Liabilities                   | 1,223,152    |
| <i>Fund Balance</i>                 |              |
| Nonspendable Prepaid Expenditures   | 4,031        |
| Restricted for:                     |              |
| Emergencies                         | 415,856      |
| Multi Year Obligations              | 1,760,500    |
| Unrestricted, Unassigned            | 1,199,996    |
| Total Fund Balance                  | 3,380,383    |
| Total Liabilities and Fund Balance  | \$ 4,603,535 |

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

|   |                 |
|---|-----------------|
| Total Fund Balance of the Governmental Fund   | \$ 3,380,383    |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.          | 212,267         |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: |                 |
| Compensated Absences Payable  | (93,850)        |
| Forgivable Loan   | (1,760,500)     |
| Net pension liability   | (16,646,124)    |
| Pension-related deferred outflows of resources  | 2,670,561       |
| Pension-related deferred inflows of resources   | (11,067,734)    |
| Net OPEB liability  | (818,356)       |
| OPEB-related deferred outflows of resources   | 109,078         |
| OPEB-related deferred inflows of resources  | (151,174)       |
| Total Net Position of Governmental Activities   | \$ (24,165,449) |

**SkyView Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Governmental Fund  
 For the Year Ended June 30, 2020

|  | General       |
|--|---------------|
| <b>Revenues</b>                        |               |
| Local Sources                          | \$ 13,325,241 |
| State Sources                          | 637,298       |
| Federal Sources                        | 1,526         |
| Total Revenues                         | 13,964,065    |
| <b>Expenditures</b>                    |               |
| Instruction                            | 8,009,783     |
| Supporting Services                    | 5,852,110     |
| Total Expenditures                     | 13,861,893    |
| Excess Revenues Over Expenditures      | 102,172       |
| <b>Other Financing Sources (Uses)</b>  |               |
| Proceeds from Forgivable Loan          | 1,760,500     |
| Transfer In                            | 25,175        |
| Transfer Out                           | (102,650)     |
| Total Other Financing Sources (Uses)   | 1,683,025     |
| <b>Net Change in Fund Balance</b>      | 1,785,197     |
| <b>Fund Balance, Beginning of year</b> | 1,595,186     |
| <b>Fund Balance, End of year</b>       | \$ 3,380,383  |

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balance of the Governmental Fund to the Statement of Activities  
 For the Year Ended June 30, 2020

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

|  |              |
|--|--------------|
| Net Change in Fund Balance of the Governmental Fund  | \$ 1,785,197 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>            |              |
| Capital outlay   | 16,142       |
| Depreciation expense   | (40,899)     |
| Loss on disposal of asset  | (5,776)      |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:</p> |              |
| Proceeds from Forgivable Loan  | (1,760,500)  |
| Compensated absences payable   | (13,200)     |
| Net pension liability  | 2,578,323    |
| Pension-related deferred outflows of resources   | (3,443,392)  |
| Pension-related deferred inflows of resources  | 3,398,938    |
| Net OPEB liability   | 141,788      |
| OPEB-related deferred outflows of resources  | 12,587       |
| OPEB-related deferred inflows of resources   | (149,711)    |
| Change in Net Position of Governmental Activities  | \$ 2,519,497 |

**SkyView Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Statement of Net Position  
 Proprietary Fund  
 June 30, 2020

|  | Building<br>Corporation |
|--|-------------------------|
| <b>Assets</b>  |                         |
| <i>Current Assets</i>                                  |                         |
| Cash   | \$ 2,066                |
| Restricted Cash and Investments                        | 3,323,049               |
| Total Current Assets                                   | 3,325,115               |
| <i>Noncurrent Assets</i>                               |                         |
| Capital Assets, <i>Not Being Depreciated</i>           | 3,534,757               |
| Capital Assets, <i>Net of Accumulated Depreciation</i> | 18,142,304              |
| Total Noncurrent Assets                                | 21,677,061              |
| Total Assets   | 25,002,176              |
| <b>Liabilities</b>                                     |                         |
| <i>Current Liabilities</i>                             |                         |
| Accrued Interest Payable                               | 733,309                 |
| Loan Payable, <i>Current Portion</i>                   | 430,000                 |
| Total Current Liabilities                              | 1,163,309               |
| <i>Noncurrent Liabilities</i>                          |                         |
| Loan Payable   | 27,515,000              |
| Total Liabilities                                      | 28,678,309              |
| <b>Net Position</b>                                    |                         |
| Net Investment in Capital Assets                       | (6,267,939)             |
| Restricted for:  |                         |
| Debt Service   | 2,349,289               |
| Repair and Replacement                                 | 240,451                 |
| Unrestricted   | 2,066                   |
| Total Net Position                                     | \$ (3,676,133)          |

**SkyView Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2020

|  | <u>Building<br/>Corporation</u> |
|--|---------------------------------|
| <b>Operating Revenues</b>              |                                 |
| Lease Income                           | \$ <u>1,896,164</u>             |
| <b>Operating Expenses</b>              |                                 |
| Depreciation                           | 591,579                         |
| Others                                 | 1,488                           |
| Debt Service                           |                                 |
| Interest and Fiscal Charges            | <u>1,449,330</u>                |
| Total Operating Expenses               | <u>2,042,397</u>                |
| <b>Net Operating Loss</b>              | (146,233)                       |
| <b>Nonoperating Revenues</b>           |                                 |
| Investment Income                      | <u>26,831</u>                   |
| <b>Net Loss Before Transfers</b>       | (119,402)                       |
| Transfers In                           | 102,650                         |
| Transfer Out                           | <u>(25,175)</u>                 |
| <b>Change in Net Position</b>          | (41,927)                        |
| <b>Net Position, Beginning of year</b> | <u>(3,634,206)</u>              |
| <b>Net Position, End of year</b>       | <u>\$ (3,676,133)</u>           |

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2020

|  | <u>Building<br/>Corporation</u> |
|--|---------------------------------|
| <b>Cash Flows From Operating Activities</b>  |                                 |
| Lease Payment Received   | \$ 1,896,164                    |
| Loan Interest and Fees Paid  | (1,474,972)                     |
| Loan Payments Paid   | (405,000)                       |
| Cash to Vendors  | <u>(1,488)</u>                  |
| Net Cash Provided by Operating Activities  | <u>14,704</u>                   |
| <b>Cash Flows From Capital and Related Financing Activities</b>                              |                                 |
| Acquisition of Capital Assets  | (102,651)                       |
| Payments from the Academy  | <u>77,475</u>                   |
| Net Cash Used by Capital and Related Financing Activities                                    | <u>(25,176)</u>                 |
| <b>Cash Flows From Investing Activities</b>  |                                 |
| Investment Income Received   | <u>26,831</u>                   |
| Net Cash Provided by Investing Activities  | <u>26,831</u>                   |
| <b>Net Change in Cash Equivalents</b>  | 16,359                          |
| <b>Cash and Cash Equivalents, <i>Beginning of year</i></b>                                   | <u>3,308,756</u>                |
| <b>Cash and Cash Equivalents, <i>End of year</i></b>   | <u>\$ 3,325,115</u>             |
| <b>Reconciliation of Net Operating Loss to Net Cash<br/>Provided by Operating Activities</b> |                                 |
| Net Operating Loss   | \$ (146,233)                    |
| Adjustments to Reconcile Net Operating Loss to<br>Net Cash Provided by Operating Activities  |                                 |
| Depreciation Expense   | 591,579                         |
| Changes in Assets and Liabilities  |                                 |
| Accrued Interest Payable   | (25,642)                        |
| Loan Payable   | <u>(405,000)</u>                |
| Net Cash Provided by Operating Activities  | <u>\$ 14,704</u>                |

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 1: Summary of Significant Accounting Policies**

The SkyView Academy (the Academy) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Douglas County School District (the District). The Academy began operations in the Fall of 2010.

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the Academy's more significant accounting policies.

**Reporting Entity**

The financial reporting entity consists of the Academy, organizations for which the Academy is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Academy. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Academy. Legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Academy.

The Academy includes the SkyView Building Corporation (the Corporation) within its reporting entity. The Corporation was formed to manage the development and use of the facility and surrounding property of the Academy through consistently upholding the vision and mission of the founders of the Academy. The Corporation is blended into the Academy's financial statements as an enterprise fund and does not issue separate financial statements.

The Academy includes the SkyView Academy Foundation (the Foundation) within its reporting entity. The Foundation is a non-profit entity formed for the sole purpose of supporting the educational mission of the Academy. The Foundation is discretely presented in the Academy's financial statements and does not issue separate financial statements.

The Academy is a component unit of the District. The Academy's charter was authorized by the District and the majority of the Academy's funding is provided by the District.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Academy and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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 *primary government* is reported separately from the legally separate *component unit* for which the Academy is financially accountable.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Reporting Entity** (Continued)

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

Separate financial statements are provided for the governmental fund and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 1: Summary of Significant Accounting Policies** (Continued)

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

The Academy reports the following major funds:

*General Fund* - This is the general operating fund of the Academy. It is currently used to account for all financial activities of the Academy.

*Building Corporation* - This fund is used to account for the financial activities of the Corporation, including facilities acquisition and construction, and the related debt service.

**Assets, Liabilities and Fund Balance/Net Position**

*Cash and Cash Equivalents* - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

*Account Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

*Capital Assets* - Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined 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. Donated capital assets are recorded at the acquisition value on the date of donation. Interest incurred during construction is capitalized in the enterprise fund.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the statement of net position in the government-wide financial statements and in the proprietary fund in the fund financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method. During the year 2020, the Academy increased its estimate to one of the land improvement capital assets and reduced the depreciation expense per year.

|                       |              |
|-----------------------|--------------|
| Land Improvements     | 20 years     |
| Buildings             | 40 years     |
| Building Improvements | 7 - 15 years |
| Equipment             | 3 - 10 years |

*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, are reported as a liability of the General Fund.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 1: Summary of Significant Accounting Policies** (Continued)

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

*Compensated Absences* - The Academy's policy allows employees to use ten days of paid time off during each school year. Employees may accumulate a maximum of 20 days of paid time off. Any unused days in excess of 20 will be paid to the employees in June of each year at the rate of \$100 per day. Employees will be compensated for all unused paid time off in excess of 20 days upon separation. After five years of service, employees will be compensated for all unused paid time off at separation. A liability for earned compensated absences is reported in the government-wide financial statements. This liability is expected to be liquidated with revenues of the General Fund.

*Long-Term Debt* - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Accounting losses resulting from debt refunds are deferred and amortized over the life of the related debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as current expenses or expenditures.

*Pensions* - The Academy 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 and deductions from the SCHDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SCHDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. 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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of 2020.

*Postemployment Benefits Other Than Pensions (OPEB)* - The Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan 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 and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 1: Summary of Significant Accounting Policies** (Continued)

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

*Net Position/Fund Balance* - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The Academy has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Academy uses restricted fund balance first, followed by committed, assigned and unassigned balances.

**Risk Management**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy carries commercial insurance for these risks of loss.

**Subsequent Events**

The Academy has evaluated subsequent events through October 7, 2020, the date the financial statements were available to be issued.

**Note 2: Stewardship, Compliance and Accountability**

**Accountability**

At June 30, 2020, the Corporation had a negative net position of \$3,676,133. Management expects this negative balance to be eliminated as the Corporation's debt is paid.

**Note 3: Deposits and Investments**

At June 30, 2020, cash and investments consisted of the following:

|             |                     |
|-------------|---------------------|
| Deposits    | \$ 4,215,661        |
| Investments | <u>3,825,251</u>    |
| Total       | <u>\$ 8,040,912</u> |

**SkyView Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2020

**Note 3: Deposits and Investments** (Continued)

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

|                                 |                  |
|---------------------------------|------------------|
| Cash and Investments            | \$ 4,601,570     |
| Restricted Cash and Investments | 3,323,049        |
| Foundation Cash                 | 116,293          |
| <br>Total                       | <br>\$ 8,040,912 |

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2020, the Academy had bank deposits of \$3,983,574 collateralized with securities held by the financial institution's agent but not in the Academy's name.

**Investments**

The Academy is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

*Fair Value Measurements* - At June 30, 2020, the Corporation's investment in a money market fund was reported at the net asset value per share.

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 3: Deposits and Investments (Continued)**

**Investments** (Continued)

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment. At June 30, 2020, the Corporation had \$3,323,049 invested in the Federated Prime Obligations Money Market Fund which is rated AAAM by Standard and Poor's.

*Concentration of Credit Risk* - State statutes do not limit the amount the Academy may invest in a single issuer of investment securities, except for corporate securities.

**Restricted Cash and Investments**

At June 30, 2020, the Corporation had investments of \$3,082,598 and \$240,451 restricted for future debt service and building repair and replacement, respectively.

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2020, is summarized below.

| <b>Governmental Activities</b>                     | <b>Balance<br/>6/30/19</b> | <b>Additions</b>   | <b>Deletions</b>  | <b>Balance<br/>6/30/20</b> |
|--|----------------------------|--------------------|-------------------|----------------------------|
| <i>Capital Assets, Being Depreciated</i>           |                            |                    |                   |                            |
| Improvements                                       | \$ 209,659                 | \$ -               | \$ (19,254)       | \$ 190,405                 |
| Equipment  | 204,215                    | 16,142             | -                 | 220,357                    |
| <b>Total Capital Assets, Being Depreciated</b>     | <b>413,874</b>             | <b>16,142</b>      | <b>(19,254)</b>   | <b>410,762</b>             |
| <i>Less Accumulated Depreciation</i>               |                            |                    |                   |                            |
| Improvements                                       | (94,345)                   | (19,317)           | 13,478            | (100,184)                  |
| Equipment  | (76,729)                   | (21,582)           | -                 | (98,311)                   |
| <b>Total Accumulated Depreciation</b>              | <b>(171,074)</b>           | <b>(40,899)</b>    | <b>13,478</b>     | <b>(198,495)</b>           |
| <b>Governmental Activities Capital Assets, net</b> | <b>\$ 242,800</b>          | <b>\$ (24,757)</b> | <b>\$ (5,776)</b> | <b>\$ 212,267</b>          |

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2020

**Note 4: Capital Assets** (Continued)

Depreciation expense of the governmental activities was charged to the supporting services program.

| <b>Business-Type Activities</b>                     | <b>Balance<br/>6/30/19</b> | <b>Additions</b>    | <b>Deletions</b>   | <b>Balance<br/>6/30/20</b> |
|---|----------------------------|---------------------|--------------------|----------------------------|
| <i>Capital Assets, Not Being Depreciated</i>        |                            |                     |                    |                            |
| Land  | \$ 3,534,756               | \$ -                | \$ -               | \$ 3,534,756               |
| Construction in Progress                            | 74,543                     | -                   | (74,543)           | -                          |
| <b>Total Capital Assets, Not Depreciated</b>        | <u>3,609,299</u>           | <u>-</u>            | <u>(74,543)</u>    | <u>3,534,756</u>           |
| <i>Capital Assets, Being Depreciated</i>            |                            |                     |                    |                            |
| Land Improvements                                   | 935,079                    | -                   | -                  | 935,079                    |
| Buildings and Improvements                          | 22,025,825                 | 177,194             | -                  | 22,203,019                 |
| <b>Total Capital Assets, Being Depreciated</b>      | <u>22,960,904</u>          | <u>177,194</u>      | <u>-</u>           | <u>23,138,098</u>          |
| <i>Less Accumulated Depreciation</i>                |                            |                     |                    |                            |
| Land Improvements                                   | (500,868)                  | (30,506)            | -                  | (531,374)                  |
| Buildings and Improvements                          | (3,903,346)                | (561,073)           | -                  | (4,464,419)                |
| <b>Total Accumulated Depreciation</b>               | <u>(4,404,214)</u>         | <u>(591,579)</u>    | <u>-</u>           | <u>(4,995,793)</u>         |
| <i>Capital Assets, Being Depreciated, net</i>       | <u>18,556,690</u>          | <u>(414,385)</u>    | <u>-</u>           | <u>18,142,305</u>          |
| <b>Business-Type Activities Capital Assets, net</b> | <u>\$ 22,165,989</u>       | <u>\$ (414,385)</u> | <u>\$ (74,543)</u> | <u>\$ 21,677,061</u>       |
| <b>Component Unit</b>                               |                            |                     |                    |                            |
| <i>Capital Assets, Being Depreciated</i>            |                            |                     |                    |                            |
| Equipment   | \$ 27,498                  | \$ -                | \$ (27,498)        | \$ -                       |
| Accumulated Depreciation                            | (21,999)                   | (2,750)             | 24,749             | -                          |
| <b>Component Unit Capital Assets, net</b>           | <u>\$ 5,499</u>            | <u>\$ (2,750)</u>   | <u>\$ (2,749)</u>  | <u>\$ -</u>                |

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**Note 5: Long-Term Debt**

Following is a summary of the long-term debt transactions for the year ended June 30, 2020:

|                                 | <u>Balance<br/>06/30/19</u> | <u>Additions</u> | <u>Payments</u>     | <u>Balance<br/>06/30/20</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|-----------------------------|------------------|---------------------|-----------------------------|--------------------------------|
| <b>Governmental Activities</b>  |                             |                  |                     |                             |                                |
| PPP Loan                        | \$ -                        | \$ 1,760,500     | \$ -                | \$ 1,760,500                | \$ 689,320                     |
| Compensated Absences            | 80,650                      | 57,113           | (43,913)            | 93,850                      | 23,462                         |
| Total                           | <u>80,650</u>               | <u>1,817,613</u> | <u>(43,913)</u>     | <u>1,854,350</u>            | <u>712,782</u>                 |
| <b>Business-Type Activities</b> |                             |                  |                     |                             |                                |
| 2014 Building Loan              | \$ <u>28,350,000</u>        | \$ <u>-</u>      | \$ <u>(405,000)</u> | \$ <u>27,945,000</u>        | \$ <u>430,000</u>              |

On May 20, 2020, the Academy obtained a loan from a local bank under the Paycheck Protection Plan (PPP) program administered by the Small Business Administration (SBA) in the amount of \$1,760,500. The terms of the loan require the academy to begin repayment on November 1, 2020 with payments of \$99,848, including interest at 1%. Subsequent to the date of the loan, the SBA made revisions to the PPP program that allowed modifications to some of the terms that would allow a borrower to extend the repayment term.

The Academy will file an application under SBA guidance for forgiveness for the entire amount of the indebtedness. While the SBA has not processed the application, management believes the Academy has complied with all requirements for forgiveness. Any portion of the loan not forgiven will be repaid under the existing terms of the loans.

Future debt service requirements for the loan, based upon the amount and terms as of June 30, 2020, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|----------------------------|------------------|-----------------|------------------|
| 2021                       | \$ 689,320       | \$ 17,351       | \$ 706,671       |
| 2022                       | <u>1,071,180</u> | <u>5,279</u>    | <u>1,076,459</u> |
| Total                      | <u>1,760,500</u> | <u>22,630</u>   | <u>1,783,130</u> |

In July 2014, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$29,120,000 Charter School Refunding and Improvement Revenue Bonds, Series 2014. Bond proceeds were used to refund the outstanding Charter School Revenue Bonds, Series 2012, originally loaned to the Corporation to purchase and construct educational facilities, and to construct improvements to the educational facilities. The Academy is obligated under a lease agreement to make monthly payments to the Corporation for using the facilities. The Corporation is required to make equal loan payments to the Trustee for payment of the bonds. Interest accrues on the bonds at rates ranging from 4.125% to 5.5% per annum and is payable semi-annually on January 1 and July 1. Principal payments are due annually on July 1, beginning in 2017, through 2049.

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**Note 5: Long-Term Debt** (Continued)

Future debt service requirements for the bonds are as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|----------------------------|----------------------|----------------------|----------------------|
| 2021                       | \$ 430,000           | \$ 1,457,750         | \$ 1,887,750         |
| 2022                       | 445,000              | 1,439,703            | 1,884,703            |
| 2023                       | 465,000              | 1,420,934            | 1,885,934            |
| 2024                       | 480,000              | 1,401,444            | 1,881,444            |
| 2025-2029                  | 2,750,000            | 6,641,169            | 9,391,169            |
| 2030-2034                  | 3,520,000            | 5,845,219            | 9,365,219            |
| 2035-2039                  | 4,530,000            | 4,802,263            | 9,332,263            |
| 2040-2044                  | 5,880,000            | 3,412,231            | 9,292,231            |
| 2045-2049                  | 7,655,000            | 1,588,778            | 9,243,778            |
| 2050                       | 1,790,000            | 49,225               | 1,839,225            |
| Total                      | <u>\$ 27,945,000</u> | <u>\$ 28,058,716</u> | <u>\$ 56,003,716</u> |

**Note 6: Interfund Transactions**

During the year ended June 30, 2020, the Academy transferred \$102,650 to the Corporation to finance completion of the building improvements and fund the repair and replacement reserve. The Corporation transferred \$25,175 to the Academy for excess interest fund.

**Note 7: Defined Benefit Pension Plan**

**General Information**

*Plan Description* - The Academy contributes to the SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. All employees of the Academy participate in the SCHDTF. 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 financial report (CAFR) that includes information on the SCHDTF that may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided* - The SCHDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement.

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**Note 7: Defined Benefit Pension Plan (Continued)**

**General Information** *(Continued)*

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the retiring employee's contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount 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, 2019, retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) in certain years, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent 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 of 1.25 percent adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

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**Note 7: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

Contributions - The Academy, eligible employees 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. The contribution rate for eligible employees is 8.75% of covered salaries during the period of July 1, 2019 through June 30, 2020. The Academy's contribution rate was 20.40% of covered salaries for July 1, 2019 through June 30, 2020. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, 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. During the year ended June 30, 2020, the direct distribution for the SCHDTF was \$126,505,213.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, Academy, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. The Academy's contributions to the SCHDTF for the year ended June 30, 2020, were \$1,317,288, equal to the required contributions.

**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 at 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 Academy's proportion of the net pension liability was based on Academy'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.

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**Note 7: 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 Academy reported a net pension liability of \$16,646,124 representing 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 Academy 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 Academy were as follows:

|  |                      |
|--|----------------------|
| School's proportionate share of net pension liability  | \$ 18,757,470        |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School | <u>(2,111,346)</u>   |
| Proportionate share of the net pension liability   | <u>\$ 16,646,124</u> |

At December 31, 2019 the Academy's proportion was 0.1114214583%, which was an increase of 0.0028520331% from its proportion measured at December 31, 2018.

For the year ended June 30, 2020, the Academy recognized pension benefit of \$1,197,593 which includes \$66,785 of support from the state as a nonemployer contributing entity. At June 30, 2020, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                       | \$ 907,223                                    | \$ -   |
| Changes of assumptions and other inputs                                  | 475,221                                       | 7,550,523                                    |
| Net difference between projected and actual earnings on plan investments | -   | 1,971,897                                    |
| Changes in proportion  | 518,393                                       | 1,545,314                                    |
| Contributions subsequent to the measurement date                         | <u>769,724</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 2,670,561</u>                           | <u>\$ 11,067,734</u>                         |

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**Note 7: Defined Benefit Pension Plan (Continued)**

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

Academy contributions subsequent to the measurement date of \$769,724 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ended June 30,</u> |                       |
|----------------------------|-----------------------|
| 2021                       | \$ (5,124,664)        |
| 2022                       | (3,501,179)           |
| 2023                       | 129,728               |
| 2024                       | <u>(670,782)</u>      |
| Total                      | <u>\$ (9,166,897)</u> |

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

|   |             |
|---|-------------|
| Price inflation   | 2.4%        |
| Real wage growth  | 1.1%        |
| Wage inflation  | 3.5%        |
| Salary increases, including wage inflation  | 3.5% - 9.7% |
| Long-term investment rate of return, net of plan investment expenses, including price inflation | 7.25%       |
| Discount rate   | 7.25%       |
| Post-retirement benefit increases:  |             |
| Hired prior to 1/1/2007   | 1.25%       |
| Hired after 12/31/2006  | ad hoc      |

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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, 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.

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**Note 7: Defined Benefit Pension Plan (Continued)**

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

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

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.

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**Note 7: Defined Benefit Pension Plan (Continued)**

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

As of the most recent 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, as follows:

| <b>Asset Class</b>                | <b>Target Allocation</b> | <b>30 Year Expected Geometric Real Rate of Return</b> |
|-----------------------------------|--------------------------|---|
| 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                             | <u>100.00%</u>           |   |

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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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**Note 7: Defined Benefit Pension Plan (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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 will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, Academy, 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 annual increase cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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.

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**Note 7: Defined Benefit Pension Plan (Continued)**

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

*Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

|   | 1%<br>Decrease<br>(6.25%) | Current<br>Discount Rate<br>(7.25%) | 1%<br>Increase<br>(8.25%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Proportionate share<br>of the net pension liability | \$ 22,076,325             | \$ 16,646,124                       | \$ 12,086,998             |

*Pension Plan Fiduciary Net Position* - Detailed information about the SCHDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 8: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the Academy are eligible to receive postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**Note 8: Postemployment Healthcare Benefits** (Continued)

**General Information** (Continued)

*Benefits Provided* - The HCTF provides a healthcare premium subsidy to eligible 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.

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, and \$115 per month for benefit recipients who are over 65 years of age 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.

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**Note 8: Postemployment Healthcare Benefits** (Continued)

**General Information** (Continued)

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

*Contributions* - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the Academy's contributions to the SCHDTF (see Note 7) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy for the year ended June 30, 2020, was \$69,331, equal to the required amount.

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

At June 30, 2020, the Academy reported a net OPEB liability of \$818,356 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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 Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the Academy's proportion was 0.0728076051%, which was an increase of 0.0022368892% from its proportion measured at December 31, 2018.

**SkyView Academy**  
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 Notes to Financial Statements  
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**Note 8: Postemployment Healthcare Benefits (Continued)**

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

For the year ended June 30, 2020, the Academy recognized OPEB expense of \$66,519. At June 30, 2020, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                       | \$ 2,717                                      | \$ 137,514                                   |
| Changes of assumptions and other inputs                                  | 6,790   | -  |
| Net difference between projected and actual earnings on plan investments | -   | 13,660                                       |
| Changes in proportion  | 59,199  | -  |
| Contributions subsequent to the measurement date                         | 40,372  | -  |
| Total  | \$ 109,078                                    | \$ 151,174                                   |

Academy contributions subsequent to the measurement date of \$40,372 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| <b><u>Year Ended June 30,</u></b> |  |    |          |
|-----------------------------------|--|----|----------|
| 2021                              |  | \$ | (13,685) |
| 2022                              |  |    | (13,685) |
| 2023                              |  |    | (9,727)  |
| 2024                              |  |    | (22,519) |
| 2025                              |  |    | (21,553) |
| Thereafter                        |  |    | (1,299)  |
| Total                             |  | \$ | (82,468) |

**SkyView Academy**  
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**Note 8: Postemployment Healthcare Benefits (Continued)**

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

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2018, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

|   |       |
|---|-------|
| Price inflation   | 2.4%  |
| Real wage growth  | 1.1%  |
| Wage inflation  | 3.5%  |
| Salary increases, including wage inflation  | 3.5%  |
| Long-term investment rate of return, net of plan investment expenses, including price inflation | 7.25% |
| Discount rate   | 7.25% |
| Health care cost trend rates:   |       |
| Service-based premium subsidy   | 0.0%  |
| Medicare plans:   |       |
| 5.60% for 2019, gradually decreasing to 4.50% in 2029   |       |
| Medicare Part A premiums:   |       |
| 3.50% for 2019, gradually increasing to 4.50% in 2029   |       |

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 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

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.

**SkyView Academy**  
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**Note 8: Postemployment Healthcare Benefits (Continued)**

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

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

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. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.

**SkyView Academy**  
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June 30, 2020

**Note 8: Postemployment Healthcare Benefits (Continued)**

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

- 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 most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 7).

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%.

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

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

**SkyView Academy**  
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June 30, 2020

**Note 8: Postemployment Healthcare Benefits (Continued)**

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

- 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.
- 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% 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%.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the Academy's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the Academy's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

|  | <b>1%<br/>Decrease<br/>(6.25%)</b> | <b>Current<br/>Discount Rate<br/>(7.25%)</b> | <b>1%<br/>Increase<br/>(8.25%)</b> |
|--|------------------------------------|--|------------------------------------|
| Proportionate share<br>of the net OPEB liability | \$ <u>925,316</u>                  | \$ <u>818,356</u>                            | \$ <u>726,883</u>                  |

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the Academy's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 6.5%, as well as the Academy's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

|  | <b>1%<br/>Decrease</b> | <b>Current<br/>Healthcare Cost<br/>Trend Rates</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--|------------------------|
| Proportionate share<br>of the net OPEB liability | \$ <u>798,916</u>      | \$ <u>818,356</u>                                  | \$ <u>840,820</u>      |

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2020

**Note 9: Commitments and Contingencies**

**Claims and Judgments**

The Academy participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Academy may be required to reimburse the other government. At June 30, 2020, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any based on subsequent audits will not have a material effect on the overall financial position of the Academy.

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the Academy believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the Academy has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2020, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$415,856.

**Note 10: Subsequent Event**

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus Pandemic. The Academy has been economically impacted by the event, however the full economic effect has yet to be determined.

## **Required Supplementary Information**

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado School Division Trust Fund  
 June 30, 2020

|  | <u>12/31/19</u>    | <u>12/31/18</u>    |
|--|--------------------|--------------------|
| <b>Proportionate Share of the Net Pension Liability</b>  |                    |                    |
| Academy's Proportion of the Net Pension Liability  | 0.1114214583%      | 0.1085694252%      |
| Academy's Proportionate Share of the Net Pension Liability   | \$ 16,646,124      | \$ 19,224,447      |
| Academy's Covered-Employee Payroll   | \$ 6,546,556       | \$ 5,968,644       |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll | 254%               | 322%               |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                             | 65%                | 57%                |
|  | <u>6/30/20</u>     | <u>6/30/19</u>     |
| <b>Academy Contributions</b>   |                    |                    |
| Statutorily Required Contribution  | \$ 1,317,288       | \$ 1,199,265       |
| Contributions in Relation to the Statutorily Required Contribution                                     | <u>(1,317,288)</u> | <u>(1,199,265)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>        | <u>\$ -</u>        |
| Academy's Covered-Employee Payroll   | \$ 6,797,153       | \$ 6,269,159       |
| Contributions as a Percentage of Covered-Employee Payroll  | 19.38%             | 19.13%             |

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado School Division Trust Fund  
 June 30, 2020  
 (Continued)

|  | <u>12/31/17</u>    | <u>12/31/16</u>    | <u>12/31/15</u>  | <u>12/31/14</u>  | <u>12/31/13</u>  |
|--|--------------------|--------------------|------------------|------------------|------------------|
| <b>Proportionate Share of the Net Pension Liability</b>  |                    |                    |                  |                  |                  |
| Academy's Proportion of the Net Pension Liability  | 0.1225851704%      | 0.1211012322%      | 0.1201966991%    | 0.1042901988%    | 0.0881022367%    |
| Academy's Proportionate Share of the Net Pension Liability   | \$ 39,639,687      | \$ 36,056,520      | \$ 18,383,237    | \$ 14,134,825    | \$ 11,237,417    |
| Academy's Covered-Employee Payroll   | \$ 5,654,706       | \$ 5,435,239       | \$ 5,238,141     | \$ 4,369,008     | \$ 3,551,681     |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll | 701%               | 663%               | 351%             | 324%             | 316%             |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                             | 44%                | 43%                | 59%              | 63%              | 64%              |
|  | <u>6/30/18</u>     | <u>6/30/17</u>     | <u>6/30/16</u>   | <u>6/30/15</u>   | <u>6/30/14</u>   |
| <b>Academy Contributions</b>   |                    |                    |                  |                  |                  |
| Statutorily Required Contribution  | \$ 1,079,547       | \$ 1,015,601       | \$ 960,898       | \$ 833,576       | \$ 623,943       |
| Contributions in Relation to the Statutorily Required Contribution                                     | <u>(1,079,547)</u> | <u>(1,015,601)</u> | <u>(960,898)</u> | <u>(833,576)</u> | <u>(623,943)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Academy's Covered-Employee Payroll   | \$ 5,717,514       | \$ 5,524,217       | \$ 5,419,228     | \$ 4,934,237     | \$ 3,903,222     |
| Contributions as a Percentage of Covered-Employee Payroll  | 18.88%             | 18.38%             | 17.73%           | 16.89%           | 15.99%           |

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
 Public Employees' Retirement Association of Colorado Health Care Trust Fund  
 June 30, 2020

|  | <u>12/31/19</u> | <u>12/31/18</u> | <u>12/31/17</u> |
|--|-----------------|-----------------|-----------------|
| <b>Proportionate Share of the Net OPEB Liability</b>                                       |                 |                 |                 |
| Academy's Proportion of the Net OPEB Liability   | 0.0728076051%   | 0.0705707159%   | 0.0696523998%   |
| Academy's Proportionate Share of the Net OPEB Liability                                    | \$ 818,356      | \$ 960,144      | \$ 905,203      |
| Academy's Covered Payroll  | \$ 6,546,556    | \$ 5,968,644    | \$ 5,654,706    |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 13%             | 16%             | 16%             |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                    | 24%             | 17%             | 18%             |
|  | <u>6/30/20</u>  | <u>6/30/19</u>  | <u>6/30/18</u>  |
| <b>Academy Contributions</b>   |                 |                 |                 |
| Statutorily Required Contribution  | \$ 69,331       | \$ 63,945       | \$ 58,319       |
| Contributions in Relation to the Statutorily Required Contribution                         | <u>(69,331)</u> | <u>(63,945)</u> | <u>(58,319)</u> |
| Contribution Deficiency (Excess)   | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| Academy's Covered Payroll  | \$ 6,797,153    | \$ 6,269,159    | \$ 5,717,514    |
| Contributions as a Percentage of Covered Payroll   | 1.02%           | 1.02%           | 1.02%           |

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**SkyView Academy**  
(A Component Unit of Douglas County School District RE.1)  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2020

|  | Original<br>Budget | Final<br>Budget    | Actual              | Variance<br>Positive<br>(Negative) |
|--|--------------------|--------------------|---------------------|------------------------------------|
| <b>Revenues</b>                                  |                    |                    |                     |                                    |
| <i>Local Sources</i>                             |                    |                    |                     |                                    |
| Per Pupil Revenue                                | \$ 10,236,516      | \$ 10,656,735      | \$ 10,562,498       | \$ (94,237)                        |
| District Mill Levy                               | 1,488,504          | 1,548,010          | 1,500,381           | (47,629)                           |
| Tuition and Fees                                 | 1,629,290          | 1,256,785          | 1,002,495           | (254,290)                          |
| Contributions                                    | 134,000            | 145,071            | 145,146             | 75                                 |
| Rental Income                                    | 20,000             | 30,000             | 22,830              | (7,170)                            |
| Investment income                                | -                  | -                  | 2,202               | 2,202                              |
| Other  | 36,433             | 93,000             | 89,689              | (3,311)                            |
| Total Local Sources                              | <u>13,544,743</u>  | <u>13,729,601</u>  | <u>13,325,241</u>   | <u>(404,360)</u>                   |
| <i>State Sources</i>                             |                    |                    |                     |                                    |
| Capital Construction                             | 322,304            | 356,049            | 360,274             | 4,225                              |
| Grants   | 92,531             | 271,188            | 277,024             | 5,836                              |
| Total State Sources                              | <u>414,835</u>     | <u>627,237</u>     | <u>637,298</u>      | <u>10,061</u>                      |
| <i>Federal Sources</i>                           |                    |                    |                     |                                    |
| Grants   | -                  | -                  | 1,526               | 1,526                              |
| Total Federal Sources                            | <u>-</u>           | <u>-</u>           | <u>1,526</u>        | <u>1,526</u>                       |
| Total Revenues                                   | <u>13,959,578</u>  | <u>14,356,838</u>  | <u>13,964,065</u>   | <u>(392,773)</u>                   |
| <b>Expenditures</b>                              |                    |                    |                     |                                    |
| Salaries   | 7,120,662          | 7,206,387          | 7,204,720           | 1,667                              |
| Employee Benefits                                | 2,143,717          | 2,386,161          | 2,410,422           | (24,261)                           |
| Purchased Services                               | 3,698,365          | 3,780,568          | 3,634,475           | 146,093                            |
| Supplies   | 584,960            | 607,670            | 480,351             | 127,319                            |
| Property   | 175,000            | 215,000            | 99,072              | 115,928                            |
| Other  | 57,447             | 73,339             | 32,853              | 40,486                             |
| Total Operating Expenditures                     | <u>13,780,151</u>  | <u>14,269,125</u>  | <u>13,861,893</u>   | <u>407,232</u>                     |
| Reserves   | <u>1,647,277</u>   | <u>1,595,186</u>   | <u>-</u>            | <u>1,595,186</u>                   |
| Total Expenditures                               | <u>15,427,428</u>  | <u>15,864,311</u>  | <u>13,861,893</u>   | <u>2,002,418</u>                   |
| <b>Excess Revenues Over (Under) Expenditures</b> | <u>(1,467,850)</u> | <u>(1,507,473)</u> | <u>102,172</u>      | <u>1,609,645</u>                   |
| <b>Other Financing Sources (Uses)</b>            |                    |                    |                     |                                    |
| Proceeds from Forgivable Loan                    | -                  | -                  | 1,760,500           | 1,760,500                          |
| Transfers In                                     | -                  | 25,175             | 25,175              | -                                  |
| Transfers Out                                    | -                  | -                  | (102,650)           | (102,650)                          |
| Total Other Financing Sources (Uses)             | <u>-</u>           | <u>25,175</u>      | <u>1,683,025</u>    | <u>1,657,850</u>                   |
| <b>Net Change in Fund Balance</b>                | <u>(1,467,850)</u> | <u>(1,482,298)</u> | <u>1,785,197</u>    | <u>3,267,495</u>                   |
| <b>Fund Balance, Beginning of year</b>           | <u>1,611,628</u>   | <u>1,595,185</u>   | <u>1,595,186</u>    | <u>1</u>                           |
| <b>Fund Balance, End of year</b>                 | <u>\$ 143,778</u>  | <u>\$ 112,887</u>  | <u>\$ 3,380,383</u> | <u>\$ 3,267,496</u>                |

See the accompanying Independent Auditors' Report.

**SkyView Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Required Supplementary Information  
June 30, 2020

**Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions**

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Academy's contributions and related ratios represent cash contributions and any related accruals that coincide with the Academy's fiscal year ending on June 30.

**Changes in Assumptions and Other Inputs**

For the year ended June 30, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised economic and demographic assumptions were effective as of December 31, 2018.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption increased from 4.78% per year, net of investment expenses, to 7.25%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

**Note 2: Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

Budgets are required by State statutes for all funds and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Academy adheres to the following procedures to establish the budgetary information reported in the financial statements.

- Management 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.
- Prior to June 30, the budget is adopted by the Board of Directors.
- 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.
- All appropriations lapse at fiscal year-end.