

HIGHLINE ACADEMY NETWORK

BASIC FINANCIAL STATEMENTS

June 30, 2022

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Directors
Highline Academy Network
Denver, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highline Academy Network (the "Network"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the Network's proportionate share, and the schedules of the Network's contributions on pages 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Network's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

PB Solutions LLC

Littleton, Colorado
October 20, 2022

Highline Academy Network Management Discussion and Analysis

As management of Highline Academy Network (HA-Network or the Network), we offer readers of Highline Academy Network's financial statements our narrative overview and analysis of the financial activities of the Network for the fiscal year ended June 30, 2022.

Financial Highlights

The year ended June 30, 2022 is the sixth year of operations for the schools operating as a Network. The Southeast Campus completed its eighteenth year, and the Northeast Campus completed its eighth year since opening. As of June 30, 2022, net position increased by \$2,524,202 to \$1,549,414. This balance includes the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 8 and 9 of the financial statements.

The operations of the Network are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue from the Network's two schools: the Northeast Campus and the Southeast Campus. Such revenue for the year was \$9,687,922. At the close of the fiscal year, Highline Academy Network's governmental fund reported an ending fund balance of \$5,568,985, an increase of \$639,624 from prior year.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the Network's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Network supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Denver Public Schools). The governmental activities of the Network include instructional, supporting services, and interest and other fiscal charges.

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 Network, like other governmental units or Networks, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The Network has three governmental funds consisting of the activity from the Northeast Campus, the Southeast Campus, and the Highline Academy Southeast Building Corporation (the Corporation). Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Network's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Network's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Network adopts annually appropriated budgets for the General Fund. A budgetary comparison schedule for the General Fund, as well as the individual activity of the Northeast Campus, the Southeast Campus, and the Corporation have been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 7-45.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Network's financial position. In the case of Highline Academy Network, assets and deferred outflows exceeded liabilities and deferred inflows resulting in a net position of \$1,549,414 in FY 2021-2022. Of the Network's total net position, \$459,113 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, (\$1,787,588) is

invested in capital assets, and \$71,021 is restricted for capital construction. Accordingly, these funds are not available to satisfy the Network's general operating expenses.

Highline Academy Network's Net Position Governmental Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
ASSETS		
Cash and Investments	\$ 5,283,543	\$ 4,348,743
Restricted Cash and Investments	43,584	42,245
Accounts Receivable	403,330	575,651
Inventory	21,890	19,248
Prepaid Expenses	44,087	40,745
Capital Assets, Not Depreciated	2,484,330	2,300,000
Capital Assets, Net of Accum Depreciation	3,301,207	3,496,752
Right of Use Asset - Equipment	106,705	-
Total Assets	11,688,676	10,823,384
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges	619,707	708,236
Related to Pensions	2,440,345	3,860,356
Related to OPEB	115,913	136,509
Total Deferred Outflows of Resources	3,175,965	4,705,101
LIABILITIES		
Accounts Payable	58,718	40,816
Accrued Expenses	167,467	4,810
Unearned Revenue	1,264	51,645
Noncurrent Liabilities		
Due in One Year	246,618	213,825
Due in More than One Year	7,370,091	7,510,004
Net Pension Liability	40,043	3,889,480
Net OPEB Liability	90,460	197,907
Total Liabilities	7,974,661	11,908,487
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	5,197,061	4,471,263
Related to OPEB	143,505	123,523
Total Deferred Inflows of Resources	5,340,566	4,594,786
NET POSITION		
Net Investment in Capital Assets	(1,787,588)	(1,884,832)
Restricted for Capital Construction	71,021	-
Restricted for Emergencies	459,113	381,489
Unrestricted	2,806,868	528,555
Total Net Position	\$ 1,549,414	\$ (974,788)

The largest portion of the Network's assets is in capital assets, at 50% of total assets in 2022.

Highline Academy Network's Change in Net Position Governmental Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Program Revenue:		
Charges for Services	\$ 63,698	\$ 83,052
Operating Grants and Contributions	1,643,821	1,994,060
Capital Grants and Contributions	231,633	235,393
Total Program Revenue	1,939,152	2,312,505
General Revenue:		
Per Pupil Revenue	9,687,922	8,393,483
Mill Levy Override	2,338,638	2,172,667
Interest	3,486	2,517
Other Income	1,515,653	1,643,146
Total General Revenue	13,545,699	12,211,813
Total Revenue	15,484,851	14,524,318
Expenses:		
Instructional	6,730,378	8,466,375
Supporting Services	5,835,383	5,068,688
Interest and Other Fiscal Charges	394,888	445,561
Total Expenses	12,960,649	13,980,624
Increase/(Decrease) in Net Position	2,524,202	543,694
Net Position, Beginning	(974,788)	(1,518,482)
Net Position, Ending	\$ 1,549,414	\$ (974,788)

The largest portion of the Network's revenues came from Per Pupil Revenue – 63%, respectively in 2022.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Network's General Fund reported an ending fund balance of \$5,568,985, an increase of \$639,624 from prior year. The Northeast Campus reported an ending fund balance of \$2,531,825, an increase of \$596,181 from prior year. The Southeast Campus reported an ending fund balance of \$2,993,576, an increase of \$42,104 from

prior year. And the Highline Academy Southeast Building Corporation, established to help in financing the Southeast Academy educational facilities, reported an ending fund balance of \$43,584, an increase of \$1,339 from prior year.

General Fund Budgetary Highlights

The Network approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the Network had some variances between its final budgeted and actual activities. Overall, the Network recognized \$64,429 more revenue than expected and spent \$377,328 less than planned, when compared to the final budget. One budget amendment was made during FY 2021-2022. Additional information regarding budget versus actual activity may be found on pages 45 and 52-54 of the financial statements.

Capital Assets & Long-Term Debt

The Network has invested in capital assets in the form of construction in progress, an educational facility, building improvements, leasehold improvements, furniture, and equipment. Additionally, a right to use asset was added for the year ended June 30, 2022, to account for a change in accounting principals related to leases. Depreciation expenses for capital assets are booked under Supporting Services of the Network's operations. Additional information related to capital assets may be found in Note 4 to the financial statements. Additional information related to the change in accounting principal may be found in Note 7 to the financial statements.

The Network has 2018 Charter School Refunding Revenue Bonds, issued through the Colorado Educational and Facilities Authority (CECFA). The proceeds of the Series 2018 Bonds were used to refinance 2011 Charter School Revenue Bonds, which were issued for the purchase and improvement of the Network's Southeast Campus. Additionally, a lease liability was added for the year ended June 30, 2022, to account for a change in accounting principals related to leases. Additional information related to long-term debt may be found in Note 5 to the financial statements. Additional information related to the change in accounting principal may be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for Highline Academy Network are student enrollment and Per Pupil Revenue. Enrollment for the 2021-2022 school year was 1,026.00 funded students (498.00 funded pupils at the Northeast Campus and 528.00 funded pupils at the Southeast Campus). This information was analyzed as part of the 2021-2022 budget which is projecting a 1,020.00 funded student count (498.00 funded pupils at the Northeast Campus and 522.00 funded pupils at the Southeast Campus).

Requests for Information

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

Highline Academy – Northeast
19451 East Maxwell Place
Denver, CO 80249

Highline Academy – Southeast
2170 South Dahlia St.
Denver, CO 8022

BASIC FINANCIAL STATEMENTS

HIGHLINE ACADEMY NETWORK
STATEMENT OF NET POSITION
As of June 30, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 5,283,543
Restricted Cash and Investments	43,584
Accounts Receivable	403,330
Inventory	21,890
Prepaid Expenses	44,087
Capital Assets, Not Depreciated	2,484,330
Capital Assets, Depreciated, Net of Accumulated Depreciation	3,301,207
Right of Use Asset - Equipment	<u>106,705</u>
TOTAL ASSETS	<u>11,688,676</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges	619,707
Related to Pensions	2,440,345
Related to OPEB	<u>115,913</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,175,965</u>
LIABILITIES	
Accounts Payable	58,718
Accrued Salaries and Benefits	167,467
Unearned Revenues	1,264
Noncurrent Liabilities	
Due in One Year	246,618
Due in More than One Year	7,370,091
Net Pension Liability	40,043
Net OPEB Liability	<u>90,460</u>
TOTAL LIABILITIES	<u>7,974,661</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	5,197,061
Related to OPEB	<u>143,505</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,340,566</u>
NET POSITION	
Net Investment in Capital Assets	(1,787,588)
Restricted for Emergencies	459,113
Unrestricted	<u>2,877,889</u>
TOTAL NET POSITION	<u>\$ 1,549,414</u>

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

HIGHLINE ACADEMY NETWORK
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>PRIMARY GOVERNMENT</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Governmental Activities					
Instructional	\$ 6,730,378	\$ -	\$ 1,650,534	\$ -	\$ (5,079,844)
Supporting Services	5,835,383	63,698	10,590	231,633	(5,529,462)
Interest and Other Fiscal Charges	394,888	-	-	-	(394,888)
Total Governmental Activities	\$ 12,960,649	\$ 63,698	\$ 1,661,124	\$ 231,633	(11,004,194)
			GENERAL REVENUES		
			Per Pupil Revenue		9,687,922
			Mill Levy Override		2,321,335
			Interest		3,486
			Other		1,515,653
			TOTAL GENERAL REVENUES		13,528,396
			CHANGE IN NET POSITION		2,524,202
			NET POSITION, Beginning		(974,788)
			NET POSITION, Ending		\$ 1,549,414

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

HIGHLINE ACADEMY NETWORK
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND
ASSETS	
Cash and Investments	\$ 5,283,543
Restricted Cash and Investments	43,584
Accounts Receivable	403,330
Inventory	21,890
Prepaid Expenses	44,087
TOTAL ASSETS	\$ 5,796,434
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 58,718
Accrued Salaries	167,467
Unearned Revenue	1,264
TOTAL LIABILITIES	227,449
 FUND BALANCES	
Nonspendable	65,977
Restricted for Emergencies	459,113
Restricted for Debt Service	43,584
Restricted for Capital Outlay	71,021
Unassigned	4,929,290
TOTAL FUND BALANCES	5,568,985
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,796,434

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

HIGHLINE ACADEMY NETWORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

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

Total fund balances of governmental funds		\$ 5,568,985
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
	Capital Assets, not depreciated	2,484,330
	Capital Assets, depreciated	5,323,464
	Accumulated Depreciation	(2,022,257)
	Right to Use Asset	<u>106,705</u>
		5,892,242
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds Payable	(7,510,004)
	Deferred Charges	619,707
	Lease Payable	(106,705)
	Net Pension Liability	(40,043)
	Net OPEB Liability	<u>(90,460)</u>
		(7,127,505)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
	Deferred outflows of resources - Related to Pensions	2,440,345
	Deferred outflows of resources - Related to OPEB	115,913
	Deferred inflows of resources - Related to Pensions	(5,197,061)
	Deferred inflows of resources- Related to OPEB	<u>(143,505)</u>
		<u>(2,784,308)</u>
Net position of governmental activities		<u>\$ 1,549,414</u>

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

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

	GENERAL FUND
REVENUES	
Local Sources	\$ 13,783,548
State Sources	829,742
Federal Sources	1,218,577
TOTAL REVENUES	15,831,867
EXPENDITURES	
Current	
Instruction	8,443,829
Supporting Services	6,334,935
Debt Service	
Principal	213,825
Interest	306,359
TOTAL EXPENDITURES	15,298,948
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	532,919
OTHER FINANCING SOURCES	
Proceeds from Lease	106,705
NET CHANGE IN FUND BALANCES	639,624
FUND BALANCES, Beginning	4,929,361
FUND BALANCES, Ending	\$ 5,568,985

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

HIGHLINE ACADEMY NETWORK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds		\$ 639,624
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay	311,554	
Depreciation	<u>(216,064)</u>	95,490
<p>Lease proceeds are reported as financial resources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.</p>		
		(106,705)
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.</p>		
Bond Principal Payments	213,825	
Amortization of Deferred Loss	<u>(88,529)</u>	125,296
<p>Deferred Charges related to pensions and OPEB are not recognized in the governmental fund. However, for the government-wide funds those amounts are capitalized and amortized.</p>		
Deferred charges related to Pension Plan	1,703,628	
Deferred charges related to OPEB	<u>66,869</u>	<u>1,770,497</u>
Change in net position of governmental activities		<u>\$ 2,524,202</u>

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highline Academy Network (the “Network” or “The School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public Schools District of the State of Colorado. The Network operates two campuses, Highline Academy North East Campus and Highline Academy South East Campus. The Network is governed by an eight-member Board of Directors.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principals. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Network and organizations for which the Network is financially accountable. It is also financially accountable for legally separate organizations if the Network’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Network. The Network may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Network includes the following organizations within its reporting entity:

Highline Academy South East Building Corporation

The Highline Academy South East Building Corporation (the “Corporation”) was formed to support and assist the Network to perform its function and to carry out its purpose, specifically to assist in the financing of the Network’s facilities. The Corporation is blended into the Network’s financial statements as a special revenue fund. Separate financial statements are not available for the Corporation.

The Network is a component unit of the Denver Public Schools District.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial, capital and debt resources of the Network. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Network is reported as net position.

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 other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

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

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 the 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.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Network considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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.

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

In the fund financial statements, the Network reports the following major governmental funds:

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

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Network considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory – Inventory consists of consumable supplies. Inventory purchases are recorded as expenditures at the time of the items are purchases and adjusted to inventory at year-end based on a physical count.

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Network as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the Network is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	30 years
Leasehold Improvements	10 years
Equipment	5-10 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

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 Network year of approximately nine to ten months. At June 30, 2022 the Network reports \$167,467 in accrued salaries and benefits.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Compensated Absences – The Network’s policy allows employees to earn personal leave of absence during the year. Employees are allowed to carry over a maximum of three unused personal leave days to the next fiscal year. Any remaining unused days are paid out at the substitute teacher rate in June each year. Therefore, no liability is recorded in the Network’s government-wide statement of net position.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Network management may have categorized and segmented portion for various purposes, the Network Board has the unrestricted right to revisit or alter these managerial decisions.

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Network considers prepaid expenses and inventory as nonspendable.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

- **Assigned** – This classification includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Network did not have any assigned resources as of June 30, 2022.

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

The Network would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Risk Management

The Network 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 Network purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Income Taxes

The Network is a tax exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The Foundation's tax filings are subject to audit by various taxing authorities. The Network believes it has no significant uncertain tax provisions for the year ended June 30, 2022.

Subsequent Events

The Network has evaluated events subsequent to the year ended June 30, 2022 through October 20, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: CASH AND INVESTMENTS

At June 30, 2022, cash and investments consist of the following:

Deposits	\$ 4,217,121
Investments	<u>1,110,006</u>
Total	<u>\$ 5,327,127</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$ 5,283,543
Cash and Investments - Restricted	<u>43,584</u>
Total	<u>\$ 5,327,127</u>

Deposits

Custodial Credit Risk – Deposits

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

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2022, the Network had deposits with financial institutions with a carrying amount of \$4,217,121. The bank balances with the financial institutions were \$4,250,695. Of these balances, \$250,000 was covered by federal depository insurance and \$4,000,695 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Investments

Interest Rate Risk

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

Credit Risk

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

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

The above investments are authorized for all funds and fund types used by Colorado units of government.

Local Government Investment Pools

The Network had invested \$1,066,422 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$

1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Investments (Continued)

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

Fair Value

The Network categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

At June 30, 2022, the Network had \$43,584 invested in money market funds. The funds invest only in U.S. Treasury obligations and is rated AAAM by Standard and Poor's. The investments are valued at Level 1 inputs.

Restricted Cash

At June 30, 2022, cash in the amount of \$43,584 is restricted in the Building Corporation for debt service payments.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2022 is summarized below:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000
Construction in Progress	-	184,330	-	184,330
Total Capital Assets, Not Being Depreciated	<u>2,300,000</u>	<u>184,330</u>	<u>-</u>	<u>2,484,330</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	4,748,857	-	-	4,748,857
Leasehold Improvements	478,491	15,519	-	494,010
Equipment	62,765	5,000	-	67,765
Furniture	12,832	-	-	12,832
Right to Use Asset-Equipment	-	106,705	-	106,705
Total Capital Assets, Being Depreciated	<u>5,302,945</u>	<u>127,224</u>	<u>-</u>	<u>5,430,169</u>
Accumulated Depreciation				
Buildings and Improvements	1,583,151	158,361	-	1,741,512
Leasehold Improvements	193,507	47,536	-	241,043
Equipment	27,824	7,601	-	35,425
Furniture	1,711	2,566	-	4,277
Right to Use Asset-Equipment	-	-	-	-
Total Depreciation	<u>1,806,193</u>	<u>216,064</u>	<u>-</u>	<u>2,022,257</u>
Total Capital Assets, Being Depreciated, Net	<u>3,496,752</u>	<u>(88,840)</u>	<u>-</u>	<u>3,407,912</u>
Net Capital Assets	<u>\$ 5,796,752</u>	<u>\$ 95,490</u>	<u>\$ -</u>	<u>\$ 5,892,242</u>

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 5: LONG-TERM DEBT

The following is a summary of the Network’s long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Series 2018 Refunding Revenue Bonds	\$ 7,723,829	\$ -	\$ 213,825	\$ 7,510,004	\$ 228,021
Net Pension Liability	3,889,480	-	3,849,437	40,043	-
Net OPEB Liability	197,907	-	107,447	90,460	-
Total	\$ 11,811,216	\$ -	\$ 4,170,709	\$ 7,640,507	\$ 228,021

Series 2018 Charter School Refunding Revenue Bonds

In October 2018, the Public Finance Authority issued \$7,983,000 Charter School Refunding Revenue Bonds, Series 2018. Proceeds from the bonds were used to refinance the Series 2011A bonds, which were used to purchase the Network’s buildings and to provide funding for improvements. Interest accrues at rates ranging from 4.016% to 5.02% per year. Monthly principal and interest payment are due ranging in the amounts from \$33,396 to \$44,748. A balloon payment in the amount of \$5,923,676 is due on October 1, 2028.

The Network is obligated to make monthly lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal loan payments to the Trustee for payment of the bonds.

The bonds have been secured by a pledge of certain rights to real estate property located in Denver Colorado (“pledged property”) and a pledge of the Network’s funds and revenues.

In the event of default, the bond trustee may declare the principal amount of all bonds then outstanding and the interest accrued thereon to be immediately due and payable. The trustee may also begin foreclosure proceedings against all or a portion of the pledged property.

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 5: LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	228,021	297,441	525,462
2024	237,358	288,113	525,471
2025	247,062	278,404	525,466
2026	257,172	268,297	525,469
2027	267,699	257,777	525,476
2028-2029	6,272,692	326,596	6,599,288
Total	<u>\$ 7,510,004</u>	<u>\$ 1,716,628</u>	<u>\$ 9,226,632</u>

NOTE 6: INTERFUND BALANCES AND TRANSFERS

During the course of operations, the Network has activity between the funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds are included in the governmental activities (i.e. the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

At June 30, 2022, the North East Campus owed \$2,169 to the South East Campus for payments made by the South East Campus on the North East Campus' behalf.

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES-LEASES

For the year ended June 30, 2022, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government's leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset. The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the School's financial statements for the year ended June 30, 2022.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: CHANGE IN ACCOUNTING PRINCIPLES-LEASES (Continued)

The following is a summary of the School’s lease transactions for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Payments	Balance 6/30/2022	Due In One Year
Copier Lease	\$ -	\$ 106,705	\$ -	\$ 106,705	\$ 18,597

Copier Lease Agreement

On June 18, 2022, the School entered into a lease agreement with Frontier Communications Corp for its copiers, commencing on June 18, 2022. The balance of the lease liability at June 30, 2022 was \$106,705. The interest rate implied in the lease is calculated at 5%. The lease payment schedule requires the School to make equal monthly lease payments of \$1,921 beginning in July 2022 through September 2027.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 18,597	\$ 4,458	\$ 23,055
2024	19,083	3,972	23,055
2025	20,059	2,996	23,055
2026	21,086	1,969	23,055
2027	22,164	891	23,055
2028	5,716	48	5,764
Total	\$ 106,705	\$ 14,334	\$ 121,039

Total rent expense for the year ended June 30, 2022 was \$0.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the Pension Plan (Continued)

- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the Pension Plan (Continued)

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2022: Eligible employees of, the School and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the Pension Plan (Continued)

	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer contribution rate	10.90%	10.90%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-412 ¹	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412 ¹	(12.09%)	(11.47%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS	7.79%	8.41%

¹ **Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$604,576 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

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

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

At June 30, 2022, the School reported a liability of \$40,043 for its proportionate share of the net pension liability that reflected [an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School’s proportionate share of the net pension liability	\$40,043
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$11,756
Total	\$51,799

At December 31, 2021, the School’s proportion was 0.6706 percent, which was a decrease of 0.1939% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension expense of (\$1,279,916) and revenue of \$166,152 for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$341,909	N/A
Changes of assumptions or other inputs	417,488	N/A
Net difference between projected and actual earnings on pension plan	N/A	3,912,563
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,355,900	1,284,498
Contributions subsequent to the measurement date	325,048	N/A
Total	\$2,440,345	\$5,197,061

\$325,048 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	(\$455,880)
2024	(\$956,612)
2025	(\$1,197,355)
2026	(\$471,917)

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80% – 11.50%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 8: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$3,860,771	\$40,043	(\$3,114,638)

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Summary of Significant Accounting Policies

OPEB. The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the OPEB Plan (Continued)

depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

PERA Benefit Structure

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

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 DPS HCTF or the HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

General Information about the OPEB Plan (Continued)

There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the School were \$74,886 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$90,460 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year 2021 relative to the total contributions of participating employers to the DPS HCTF.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

At December 31, 2020, the School’s proportion was 0.86% percent, which was a decrease of 0.0046% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$8,017. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$82,084
Changes of assumptions or other inputs	9	10,990
Net difference between projected and actual earnings on OPEB plan	N/A	48,984
Changes in proportion and differences between contributions recognized and proportionate share of contributions	77,619	1,447
Contributions subsequent to the measurement date	38,285	N/A
Total	\$115,913	\$143,505

\$38,285 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Year ended June 30:	
2023	(\$12,281)
2024	(16,779)
2025	(14,591)
2026	(11,115)
2027	(6,917)
Thereafter	(4,194)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80%-11.50%
Long-term investment rate of return, net of OPEB	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

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

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

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

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for the DPS Division as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed using a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

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

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above. The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

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

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

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

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend	3.50%	4.50%	5.50%
Ultimate PERACare Medicare	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend	3.50%	4.50%	5.50%
Net OPEB Liability	\$90,451	\$90,460	\$90,477

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

HIGHLINE ACADEMY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 9: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Based on the above assumptions and methods, the DPS HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$144,835	\$90,460	\$44,090

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

NOTE 10: TAXABLE PENSION CERTIFICATES OF PARTICIPATION (PCOPs)

The Denver Public Schools District (the “District”) issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. The Network contributed 8.51%, 8.67%, 9.21%, and 9.54% of covered payroll for the fiscal years ending June 30, 2022, 2021, 2020, and 2019, respectively, to the District to cover its obligation relating to the PCOPs.

For the year ended June 30, 2022, the Network contributed \$624,509 to the District for its PCOPs obligation.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 11: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The Network believes it has complied with the Amendment.

The Network has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2022, the emergency reserve of \$459,113 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

Facilities Use Agreement

The Network entered into a Facilities Use Agreement (the “Agreement”) with the District for the North East Campus building. The Facilities Use Fee is calculated annually based on the number of students enrolled at the North East Campus at a rate of \$770 per student. The Facilities Use Fee covers ground maintenance, basic building maintenance, custodial staff and supplies, safety and security and facility insurance. The Network paid \$409,592 to the District during the fiscal year under the terms of the agreement.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 12: **SUBSEQUENT EVENT**

The Network is in the process of finalizing plans to renovate and expand the South East Campus by issuing Series 2022 Charter School Revenue Bonds. The new financial package will include funds to refinance the outstanding balance of the 2018 Charter School Revenue Refunding Bonds of approximately \$7.5 million. The new bonds will also provide additional funding of approximately \$7.2 million for renovation and expansion costs. The new bonds are projected to be issued in November 2022.

REQUIRED SUPPLEMENTARY INFORMATION

HIGHLINE ACADEMY NETWORK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 8,816,468	\$ 9,754,317	\$ 9,687,922	\$ (66,395)	\$ 8,393,483
Mill Levy Override	2,176,638	2,293,434	2,321,335	27,901	2,172,667
Tuition and Fees	126,249	70,344	63,698	(6,646)	83,052
Contributions	80,000	71,795	191,454	119,659	129,255
Interest	3,900	1,900	3,486	1,586	2,516
Other	1,722,851	1,598,826	1,515,653	(83,173)	1,643,146
State Sources					
Capital Construction	231,600	233,370	231,633	(1,737)	235,393
PERA - On Behalf Contribution	-	80,000	166,152	86,152	-
Grants and Donations	384,147	406,963	431,957	24,994	583,778
Federal Sources					
Grants and Donations	956,098	1,257,489	1,218,577	(38,912)	1,281,027
TOTAL REVENUES	<u>14,497,951</u>	<u>15,768,438</u>	<u>15,831,867</u>	<u>63,429</u>	<u>14,524,317</u>
EXPENDITURES					
Instruction					
Salaries	5,960,812	5,618,274	5,905,622	(287,348)	6,041,362
Employee Benefits	1,457,954	1,504,884	1,449,569	55,315	1,233,352
Purchased Services	350,368	361,975	371,848	(9,873)	400,114
Supplies and Materials	368,800	517,935	446,556	71,379	310,513
Property	214,925	290,925	242,245	48,680	260,623
Other	161,146	179,239	27,989	151,250	4,822
Total Instruction	<u>8,514,005</u>	<u>8,473,232</u>	<u>8,443,829</u>	<u>29,403</u>	<u>8,250,786</u>
Supporting Services					
Salaries	1,853,137	2,390,675	2,134,467	256,208	1,424,657
Employee Benefits	549,994	567,820	713,461	(145,641)	555,742
Purchased Services	2,929,954	3,587,249	3,267,954	319,295	2,764,832
Supplies and Materials	73,817	87,500	86,801	699	56,374
Property	-	5,000	111,705	(106,705)	77,868
Other	43,800	43,800	20,547	23,253	17,456
Debt Service					
Principal	214,000	214,000	213,825	175	174,235
Interest	307,000	307,000	306,359	641	357,013
Total Supporting Services	<u>5,971,702</u>	<u>7,203,044</u>	<u>6,855,119</u>	<u>347,925</u>	<u>5,428,177</u>
TOTAL EXPENDITURES	<u>14,485,707</u>	<u>15,676,276</u>	<u>15,298,948</u>	<u>377,328</u>	<u>13,678,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,244</u>	<u>92,162</u>	<u>532,919</u>	<u>(313,899)</u>	<u>845,354</u>
OTHER FINANCING SOURCES					
Proceeds from Lease	-	-	106,705	106,705	-
Transfers	-	390,632	-	(390,632)	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>390,632</u>	<u>106,705</u>	<u>(283,927)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	12,244	482,794	639,624	(597,826)	845,354
FUND BALANCE, Beginning	<u>4,494,320</u>	<u>4,887,117</u>	<u>4,929,361</u>	<u>42,244</u>	<u>4,084,006</u>
FUND BALANCE, Ending	<u>\$ 4,506,564</u>	<u>\$ 5,369,911</u>	<u>\$ 5,568,985</u>	<u>\$ (555,582)</u>	<u>\$ 4,929,360</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.67062%	0.86449%	0.56674%	0.47570%	0.65520%	0.55500%	0.49880%	0.48720%	0.36480%
\$	40,043	\$ 3,889,480	\$ 3,733,953	\$ 4,866,296	\$ 5,873,480	\$ 6,079,600	\$ 4,057,547	\$ 3,042,730	\$ 1,897,445
Proportionate Share of the Net Pension Liability (Asset)	11,756	-	1,654,809	2,521,202	-	-	-	-	-
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	51,799	3,889,480	5,388,762	7,387,498	5,873,480	6,079,600	4,057,547	3,042,730	1,897,445
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 7,265,163	\$ 6,807,970	\$ 6,130,656	\$ 5,703,354	\$ 4,440,870	\$ 3,667,074	\$ 3,137,696	\$ 2,539,415	\$ 1,988,937
Covered payroll	0.7%	57.1%	87.9%	129.5%	132.3%	165.8%	129.3%	119.8%	95.4%
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.87%	90.14%	84.73%	75.69%	79.51%	74.10%	79.30%	83.90%	86.30%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability									

NOTE: Information for the prior one year was not available for this report

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 604,576	\$ 530,932	\$ 428,211	\$ 364,834	\$ 245,323	\$ 175,423	\$ 102,414	\$ 138,635	\$ 103,377
Contributions in Relation to the Contractually Required Contributions	604,576	530,932	428,211	364,834	245,323	175,423	102,414	138,635	103,377
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,341,740	\$ 7,071,209	\$ 6,611,200	\$ 5,703,354	\$ 4,833,752	\$ 4,004,968	\$ 3,400,665	\$ 2,894,891	\$ 2,124,442
Contributions as a Percentage of Covered Payroll	8.23%	7.51%	6.48%	6.40%	5.08%	4.38%	3.01%	4.79%	4.87%

NOTE: Information for the prior one year was not available for this report.

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.85997%	0.86453%	0.81787%	0.72220%	0.65340%	0.55500%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 90,460	\$ 197,907	\$ 301,280	\$ 326,219	\$ 332,979	\$ 302,507
Covered payroll	\$ 7,265,163	\$ 6,807,970	\$ 6,130,656	\$ 5,703,354	\$ 4,440,870	\$ 3,667,074
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	1.2%	2.9%	4.9%	5.7%	7.5%	8.2%
Plan Fiduciary Net position as a Percentage of the total OPEB Liability	83.93%	65.43%	46.98%	34.72%	30.45%	33.64%

NOTE: Information for the prior four years was not available for this report.

HIGHLINE ACADEMY NETWORK
SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 74,886	\$ 72,126	\$ 67,434	\$ 58,175	\$ 49,304	\$ 40,851
Contributions in Relation to the Contractually Required Contributions	<u>74,886</u>	<u>72,126</u>	<u>67,434</u>	<u>58,175</u>	<u>49,304</u>	<u>40,851</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,341,740	\$ 7,071,209	\$ 6,611,200	\$ 5,703,354	\$ 4,833,752	\$ 4,004,968
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior four years was not available for this report.

See the accompanying independent auditor's report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

HIGHLINE ACADEMY NETWORK
 COMBINING BALANCE SHEET
 June 30, 2022

	NORTH EAST CAMPUS	SOUTH EAST CAMPUS	BUILDING CORPORATION	TOTAL
ASSETS				
Cash and Investments	\$ 2,347,967	\$ 2,935,576	\$ -	\$ 5,283,543
Restricted Cash and Investments	-	-	43,584	43,584
Due From North East Campus	-	2,169	-	2,169
Accounts Receivable	246,180	157,150	-	403,330
Inventory	13,386	8,504	-	21,890
Prepaid Expenses	40,884	3,203	-	44,087
TOTAL ASSETS	<u>\$ 2,648,417</u>	<u>\$ 3,106,602</u>	<u>\$ 43,584</u>	<u>\$ 5,798,603</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	9,862	48,856	-	58,718
Due to South East Campus	2,169	-	-	2,169
Accrued Salaries	104,561	62,906	-	167,467
Unearned Revenue	-	1,264	-	1,264
TOTAL LIABILITIES	<u>116,592</u>	<u>113,026</u>	<u>-</u>	<u>229,618</u>
FUND BALANCES				
Nonspendable	54,270	11,707	-	65,977
Restricted for Emergencies	228,572	230,541	-	459,113
Restricted for Debt Service	-	-	43,584	43,584
Restricted for Capital Outlay	71,021	-	-	71,021
Unassigned	2,177,962	2,751,328	-	4,929,290
TOTAL FUND BALANCES	<u>2,531,825</u>	<u>2,993,576</u>	<u>43,584</u>	<u>5,568,985</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,648,417</u>	<u>\$ 3,106,602</u>	<u>\$ 43,584</u>	<u>\$ 5,798,603</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2022

	NORTH EAST CAMPUS	SOUTH EAST CAMPUS	BUILDING CORPORATION	TOTAL
REVENUES				
Local Sources	\$ 6,921,420	\$ 6,340,605	\$ 521,523	\$ 13,783,548
State Sources	423,320	406,422	-	829,742
Federal Sources	787,634	430,943	-	1,218,577
TOTAL REVENUES	8,132,374	7,177,970	521,523	15,831,867
EXPENDITURES				
Current				
Instruction	4,408,825	4,035,004	-	8,443,829
Supporting Services	3,127,368	3,207,567	-	6,334,935
Debt Service				
Principal	-	-	213,825	213,825
Interest	-	-	306,359	306,359
TOTAL EXPENDITURES	7,536,193	7,242,571	520,184	15,298,948
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	596,181	(64,601)	1,339	532,919
OTHER FINANCING SOURCES				
Proceeds from Lease	-	106,705	-	106,705
NET CHANGE IN FUND BALANCES	596,181	42,104	1,339	639,624
FUND BALANCES, Beginning	1,935,644	2,951,472	42,245	4,929,361
FUND BALANCES, Ending	<u>\$ 2,531,825</u>	<u>\$ 2,993,576</u>	<u>\$ 43,584</u>	<u>\$ 5,568,985</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
HIGHLINE ACADEMY NORTH EAST CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 4,220,353	\$ 4,810,125	\$ 4,743,630	\$ (66,495)	\$ 4,041,763
Mill Levy Override	1,194,204	1,289,578	1,311,799	22,221	1,203,066
Tuition and Fees	48,359	36,360	30,722	(5,638)	4,020
Contributions	50,000	54,295	51,627	(2,668)	93,508
Interest	400	400	434	34	371
Other	952,284	785,617	783,208	(2,409)	900,806
State Sources					
Capital Construction	73,200	75,498	76,516	1,018	77,758
PERA - On Behalf Contribution	-	-	83,730	83,730	-
Grants and Donations	229,860	240,635	263,074	22,439	345,545
Federal Sources					
Grants and Donations	631,149	809,341	787,634	(21,707)	771,444
TOTAL REVENUES	<u>7,399,809</u>	<u>8,101,849</u>	<u>8,132,374</u>	<u>30,525</u>	<u>7,438,281</u>
EXPENDITURES					
Instruction					
Salaries	3,121,831	2,825,738	3,093,983	(268,245)	3,121,041
Employee Benefits	735,656	760,433	735,723	24,710	682,620
Purchased Services	168,287	172,412	177,295	(4,883)	187,154
Supplies and Materials	240,560	309,575	263,816	45,759	196,869
Property	124,925	154,925	120,952	33,973	136,778
Other	83,758	96,168	17,056	79,112	4,690
Total Instruction	<u>4,475,017</u>	<u>4,319,251</u>	<u>4,408,825</u>	<u>(89,574)</u>	<u>4,329,152</u>
Supporting Services					
Salaries	962,133	1,346,226	1,123,311	222,915	696,782
Employee Benefits	317,983	328,693	401,743	(73,050)	254,486
Purchased Services	1,520,610	1,584,585	1,572,020	12,565	1,405,277
Supplies and Materials	11,500	16,500	19,739	(3,239)	7,899
Property	-	5,000	5,000	-	-
Other	8,800	18,800	5,555	13,245	5,977
Total Supporting Services	<u>2,821,026</u>	<u>3,299,804</u>	<u>3,127,368</u>	<u>172,436</u>	<u>2,370,421</u>
TOTAL EXPENDITURES	<u>7,296,043</u>	<u>7,619,055</u>	<u>7,536,193</u>	<u>82,862</u>	<u>6,699,573</u>
NET CHANGE IN FUND BALANCE	103,766	482,794	596,181	113,387	738,708
FUND BALANCE, Beginning	<u>1,713,225</u>	<u>1,935,643</u>	<u>1,935,644</u>	<u>1</u>	<u>1,196,936</u>
FUND BALANCE, Ending	<u>\$ 1,816,991</u>	<u>\$ 2,418,437</u>	<u>\$ 2,531,825</u>	<u>\$ 113,388</u>	<u>\$ 1,935,644</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
HIGHLINE ACADEMY SOUTH EAST CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 4,596,115	\$ 4,944,192	\$ 4,944,292	\$ 100	\$ 4,351,720
Mill Levy Override	982,434	1,003,856	1,009,536	5,680	969,601
Tuition and Fees	77,890	33,984	32,976	(1,008)	79,032
Contributions	30,000	17,500	139,827	122,327	35,747
Interest	3,500	1,500	3,042	1,542	2,145
Other	249,567	292,209	210,932	(81,277)	212,651
State Sources					
Capital Construction	158,400	157,872	155,117	(2,755)	157,635
PERA - On Behalf Contribution	-	80,000	82,422	2,422	-
Grants and Donations	154,287	166,328	168,883	2,555	238,233
Federal Sources					
Grants and Donations	324,949	448,148	430,943	(17,205)	509,583
TOTAL REVENUES	<u>6,577,142</u>	<u>7,145,589</u>	<u>7,177,970</u>	<u>32,381</u>	<u>6,556,347</u>
EXPENDITURES					
Instruction					
Salaries	2,838,981	2,792,536	2,811,639	(19,103)	2,920,321
Employee Benefits	722,298	744,451	713,846	30,605	550,732
Purchased Services	182,081	189,563	194,553	(4,990)	212,960
Supplies and Materials	128,240	208,360	182,740	25,620	113,644
Property	90,000	136,000	121,293	14,707	123,845
Other	77,388	83,071	10,933	72,138	132
Total Instruction	<u>4,038,988</u>	<u>4,153,981</u>	<u>4,035,004</u>	<u>118,977</u>	<u>3,921,634</u>
Supporting Services					
Salaries	891,004	1,044,449	1,011,156	33,293	727,875
Employee Benefits	232,011	239,127	311,718	(72,591)	301,256
Purchased Services	1,409,344	2,002,664	1,695,934	306,730	1,359,555
Supplies and Materials	62,317	71,000	67,062	3,938	48,475
Property	-	-	106,705	(106,705)	77,868
Other	35,000	25,000	14,992	10,008	11,479
Total Supporting Services	<u>2,629,676</u>	<u>3,382,240</u>	<u>3,207,567</u>	<u>174,673</u>	<u>2,526,508</u>
TOTAL EXPENDITURES	<u>6,668,664</u>	<u>7,536,221</u>	<u>7,242,571</u>	<u>293,650</u>	<u>6,448,142</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,522)</u>	<u>(390,632)</u>	<u>(64,601)</u>	<u>326,031</u>	<u>108,205</u>
OTHER FINANCING SOURCES					
Proceeds from Lease	-	-	106,705	106,705	-
Transfers	-	390,632	-	(390,632)	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>390,632</u>	<u>106,705</u>	<u>(283,927)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(91,522)</u>	<u>-</u>	<u>42,104</u>	<u>42,104</u>	<u>108,205</u>
FUND BALANCE, Beginning	<u>2,781,095</u>	<u>2,951,474</u>	<u>2,951,472</u>	<u>(2)</u>	<u>2,843,267</u>
FUND BALANCE, Ending	<u>\$ 2,689,573</u>	<u>\$ 2,951,474</u>	<u>\$ 2,993,576</u>	<u>\$ 42,102</u>	<u>\$ 2,951,472</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK
HIGHLINE ACADEMY SOUTH EAST BUILDING CORPORATION
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Local Sources					
Rental Income	\$ 521,000	\$ 521,000	\$ 521,513	\$ 513	\$ 529,689
Interest	-	-	10	10	1
TOTAL REVENUES	<u>521,000</u>	<u>521,000</u>	<u>521,523</u>	<u>523</u>	<u>529,690</u>
EXPENDITURES					
Current					
Purchased Services	-	-	-	-	-
Debt Service					
Principal	214,000	214,000	213,825	175	174,235
Interest	<u>307,000</u>	<u>307,000</u>	<u>306,359</u>	<u>641</u>	<u>357,013</u>
TOTAL EXPENDITURES	<u>521,000</u>	<u>521,000</u>	<u>520,184</u>	<u>816</u>	<u>531,248</u>
NET CHANGE IN FUND BALANCE	-	-	1,339	1,339	(1,558)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>42,245</u>	<u>42,245</u>	<u>43,803</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,584</u>	<u>\$ 43,584</u>	<u>\$ 42,245</u>

See the accompanying independent auditor's report.