

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

Financial Statements

**June 30, 2022**



**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Table of Contents  
 June 30, 2022

<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis</b> .....	i
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position .....	4
Statement of Activities .....	5
<i>Governmental Fund</i>	
Balance Sheet .....	6
Statement of Revenues, Expenditures and Changes in Fund Balance .....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities .....	8
<i>Notes to Financial Statements</i> .....	9
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of the Net Pension Liability and Contributions.....	35
Schedule of Proportionate Share of the Net OPEB Liability and Contributions.....	37
Budgetary Comparison Schedule - General Fund.....	38
<i>Notes to Required Supplementary Information</i> .....	39



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## Independent Auditor's Report

Governing Board  
Platte River Academy  
Highlands Ranch, Colorado

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Academy's management is responsible for the preparation and fair presentation of the 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 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.

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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 Academy's ability to continue as a going concern for one year after the date that the financial statements are issued.

***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 Academy'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 Academy's ability to continue as a going concern for a reasonable period of time.

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



**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents, such as management's discussion and analysis and budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for 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.

*Hick & Company, PC*

Englewood, Colorado  
October 31, 2022



# Platte River Academy

## Management's Discussion and Analysis

### June 30, 2022

As management of Platte River Academy (PRA), we offer readers of the Academy's basic financial statements this narrative and analysis of the financial activities of PRA for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

### Financial Highlights

The year ended June 30, 2022 is the 24th year of operations for PRA. The General Fund balance decreased to \$2,047,550 from \$2,308,315 at June 30, 2021.

The operations of PRA are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was \$4,347,886, up from \$3,945,656 in the year ended June 30, 2021.

### Overview of Financial Statements

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

### Government-Wide Financial Statements

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

The statement of net position presents information on all PRA's assets and liabilities, and deferred inflows and outflows, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of PRA is improving or deteriorating. The statement of activities presents information showing how PRA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PRA keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** 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 resources, as well as on balances of unrestricted resources available at the end of the fiscal year. Such information may be useful in evaluating PRA's near-term financing requirements.

**Platte River Academy**  
Management's Discussion and Analysis  
June 30, 2022

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 PRA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

PRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

**Proprietary Fund.** The Building Corporation enterprise fund shows income and expense and balance sheet information as it relates to the assets purchased with tax-exempt financing, and related debt.

### **Notes to Financial Statements**

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

### **Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of PRA's financial position. For the year ended June 30, 2022, PRA's combined liabilities and deferred inflows exceeded assets and deferred outflows by (\$6,208,231) as compared to (\$7,572,496) in the year ended June 30, 2021. This increase is primarily due to the impact of the adoption of GASB No. 68 which requires the reporting of PRA's proportionate share of the Colorado Public Employees Retirement Association's net pension liability and GASB No. 80 – Blending Requirements for Certain Component Units. Of the June 30, 2022 amount, \$175,952 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

**Platte River Academy**  
Management's Discussion and Analysis  
June 30, 2022

<b>NET POSITION</b>	<b>Governmental Activities</b>	
	<b>2020-21</b>	<b>2021-22</b>
<b><u>Assets</u></b>		
Cash and Investments	\$ 2,600,452	\$ 2,341,649
Restricted Cash	518,999	518,099
Prepaid Expenses	5	-
Accounts Receivable	179,066	174,052
Land	553,332	553,332
Capital Assets	3,242,410	3,118,657
Total Assets	\$ 7,094,264	\$ 6,705,789
<b><u>Deferred Outflows of Resources</u></b>		
Pensions, Net of Accum Amortization	\$ 2,740,951	\$ 1,691,303
OPEB Net of Accum Amortization	35,654	40,163
Loss on Debt Refunding, Net of Accum Amortization	792,750	730,165
Total Deferred Outflows	\$ 3,569,355	\$ 2,461,631
<b><u>Liabilities</u></b>		
Accrued Salaries and Benefits	\$ 463,651	\$ 453,679
Accrued Interest Payable	78,833	76,900
Accounts Payable	2,877	9,822
Unearned Revenue	4,680	4,650
Due In One Year	167,599	150,000
Due In More Than One Yr	5,569,428	5,558,624
Net OPEB Liability	340,871	267,971
Net Pension Liability	7,929,100	5,539,545
Total Liabilities	\$ 14,557,039	\$ 12,061,191
<b><u>Deferred Inflows of Resources</u></b>		
Pensions	\$ 3,571,619	\$ 3,209,552
OPEB	107,457	104,908
Total Deferred Inflows	\$ 3,679,076	\$ 3,314,460
<b><u>Net Position</u></b>		
Net investment in Cap Assets	\$ 1,679,268	\$ (1,288,231)
Restricted for Debt Service	518,999	518,099
Reserved for Emergencies	152,408	175,952
Unrestricted	(9,923,171)	(5,614,051)
Total Net Position	\$ (7,572,496)	\$ (6,208,231)

**Platte River Academy**  
Management's Discussion and Analysis  
June 30, 2022

<b>CHANGE IN NET POSITION</b>	<b>Governmental Activities</b>	
	<b>2020-21</b>	<b>2021-22</b>
<b>Revenues</b>		
Charges for Services	\$ 350,524	\$ 510,501
Grants & Contributions	207,169	66,379
Per Pupil Revenues	3,945,656	4,347,886
Mill Levy Overrides	601,042	608,520
Capital Construction	153,853	163,713
Earnings on Investments	30,784	(61,442)
Gain on Forgivable Debt	616,233	-
Other	11,303	21,749
Total Revenue	<u>\$ 7,094,264</u>	<u>\$ 6,705,789</u>
<b>Expenses</b>		
Instruction	\$ (4,017,069)	\$ (2,792,778)
Supporting Services	247,518	(1,209,486)
Interest not allocated	(291,311)	(290,777)
Total Expenses	<u>\$ (4,060,862)</u>	<u>\$ (4,293,041)</u>
Increase in Net Position	\$ 1,855,702	\$ 1,364,265
Net Position, Beginning	(9,428,198)	(7,572,496)
Ending Net Position	<u>\$ (7,572,496)</u>	<u>\$ (6,208,231)</u>

### **Analysis of Significant Changes**

PRA net position is a negative (\$6,208,231). The negative balance is due primarily to the adoption of GASB Statement No. 68, and GASB No. 80 resulting in a net pension liability of \$5,539,545 and OPEB liability of \$267,971 representing PRA's proportionate share of Colorado Public Employees Retirement Association net pension liability.

### **Financial Analysis of the Academy's Funds**

#### **Governmental Funds**

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

**Platte River Academy**  
Management's Discussion and Analysis  
June 30, 2022

The General Fund is the major operating fund of PRA. During the current fiscal year, the fund balance decreased \$260,765 from \$2,308,315 to \$2,047,550. This decrease was due to the large HVAC replacement project partnered with Douglas County Schools. Most of the expenses were paid with 2018 Bond proceeds.

### **Building Corporation**

The Building Corporation activities consisted of Interest and Fees totaling \$383,304.

### **General Fund Budgetary Highlights**

PRA's 2021-22 Final Budget budgeted for General Fund expenditures of \$6,416,691 for the year ended June 30, 2022. Actual expenditures were \$6,248,144.

### **Capital Assets and Long-Term Debt**

As of June 30, 2022, the Building Corporation owned the building used by PRA and was obligated to pay on a tax-exempt debt in the amount of \$5,690,385. The total due within one year is \$150,000. The debt accrues interest at rates ranging from 4% to 5%. Interest payments are due on September 1 and March 1 each year through 2044. There is no other long-term debt other than compensated absences payable. Additional information on capital assets and long-term debt is available in Notes 3 and 4 of the financial statements. **NOTE:** On February 22, 2017, CECFA issued \$6,075,000 Charter School Refunding and Improvement Revenue Bonds, Series 2017A and 2017B. Bond proceeds were used to refund the outstanding Series 2004 Bonds and to loan an additional \$500,000 to the Corporation to construct new classrooms. Those funds are being held at UMB Bank until the school has approved any building improvement plan(s). School bathroom improvements started during the summer of 2020 and these funds were moved out of UMB to PRA to cover these improvements.

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

The primary factor driving the budget for PRA is student enrollment. The funded pupil enrollment for the 2021-22 school year was 507.4. The enrollment projected for the 2022-23 school year is expected to be approximately 522. PRA has been diligent in their budget to reflect the unstable economic status of the State. The Academy has also created a conservative 3-year budget that the Board of Directors has approved. PRA added an additional income source from the addition of a Pre-K program implemented in 2020-21. With current enrollment the Pre-K program is at capacity in 2022-23.

### **Request for Information**

This financial report is designed to provide a general overview of PRA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jackie Cote, Business Manager, Platte River Academy, 4085 Lark Sparrow Street, Highlands Ranch, CO, 80126.

## **Basic Financial Statements**

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Statement of Net Position  
 June 30, 2022

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Investments	\$ 2,341,649
Restricted Cash and Investments	518,099
Accounts Receivable	174,052
Capital Assets, <i>Not Being Depreciated</i>	553,332
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>3,118,657</u>
Total Assets	<u>6,705,789</u>
<b>Deferred Outflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	1,691,303
OPEB, <i>Net of Accumulated Amortization</i>	40,163
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	<u>730,165</u>
Total Deferred Outflows of Resources	<u>2,461,631</u>
<b>Liabilities</b>	
Accounts Payable	9,822
Accrued Salaries and Benefits	453,679
Accrued Interest Payable	76,900
Unearned Revenue	4,650
Noncurrent Liabilities	
Due Within One Year	150,000
Due in More Than One Year	5,558,624
Net Pension Liability	5,539,545
Net OPEB Liability	<u>267,971</u>
Total Liabilities	<u>12,061,191</u>
<b>Deferred Inflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	3,209,552
OPEB, <i>Net of Accumulated Amortization</i>	<u>104,908</u>
Total Deferred Inflows of Resources	<u>3,314,460</u>
<b>Net Position</b>	
Net Investment in Capital Assets	(1,288,231)
Restricted for:	
Debt Service	518,099
Emergencies	175,952
Unrestricted	<u>(5,614,051)</u>
Total Net Position	<u>\$ (6,208,231)</u>

See Notes to the Financial Statements.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Statement of Activities  
 For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>				
<i>Governmental Activities</i>				
Instruction	\$ 2,792,778	\$ 472,167	\$ (67,829)	\$ (2,388,440)
Supporting Services	1,209,486	38,334	-	(1,171,152)
Interest not allocated to programs	290,777	-	-	(290,777)
	<u>\$ 4,293,041</u>	<u>\$ 510,501</u>	<u>\$ (67,829)</u>	<u>(3,850,369)</u>
<b>Total Governmental Activities</b>				
 <b>General Revenues</b>				
				4,347,886
				608,520
				151,395
				146,199
				(61,442)
				22,076
				5,214,634
				<u>5,214,634</u>
				1,364,265
				<u>(7,572,496)</u>
				\$ (6,208,231)
				<u>\$ (6,208,231)</u>

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Balance Sheet  
Governmental Fund  
June 30, 2022

	General	Building	Total
<b>Assets</b>			
Cash and Investments	\$ 2,341,649	\$ -	\$ 2,341,649
Restricted Cash and Investments	-	518,099	518,099
Accounts Receivable	174,052	-	174,052
 Total Assets	 \$ 2,515,701	 \$ 518,099	 \$ 3,033,800
<b>Liabilities and Fund Balance</b>			
<i>Liabilities</i>			
Accounts Payable	\$ 9,822	\$ -	\$ 9,822
Accrued Salaries and Benefits	453,679	-	453,679
Unearned Revenue	4,650	-	4,650
 Total Liabilities	 468,151	 -	 468,151
<i>Fund Balance</i>			
Restricted for:			
Emergencies	175,952	-	175,952
Debt Service		518,099	518,099
Unrestricted, Unassigned	1,871,598	-	1,871,598
 Total Fund Balance	 2,047,550	 518,099	 2,565,649
 Total Liabilities and Fund Balance	 \$ 2,515,701	 \$ 518,099	 \$ 3,038,450

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

Total Fund Balance of the Governmental Fund	\$ 2,565,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	3,671,989
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Loss on Debt Refunding	730,165
Accrued interest payable	(76,900)
Long term debt, net of premium	(5,690,385)
Compensated absences	(18,239)
Net pension liability	(5,539,545)
Pension-related deferred outflows of resources	1,691,303
Pension-related deferred inflows of resources	(3,209,552)
Net OPEB liability	(267,971)
OPEB-related deferred outflows of resources	40,163
OPEB-related deferred inflows of resources	(104,908)
 Total Net Position of Governmental Activities	 \$ (6,208,231)

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2022**

	General	Building	Total
<b>Revenues</b>			
Local Sources	\$ 5,572,569	\$ 382,404	\$ 5,954,973
State Sources	234,073	-	234,073
Federal Sources	53,405	-	53,405
	5,860,047	382,404	6,242,451
<b>Total Revenues</b>			
	5,860,047	382,404	6,242,451
<b>Expenditures</b>			
Instruction	4,439,225	1,804	4,441,029
Supporting Services	1,808,919	-	1,808,919
Debt Service			
Debt Principal	-	145,000	145,000
Debt Interest	-	236,500	236,500
	6,248,144	383,304	6,631,448
<b>Total Expenditures</b>			
	6,248,144	383,304	6,631,448
<b>Excess of Revenues Over (Under) Expenditures</b>	(388,097)	(900)	(388,997)
<b>Other Financing Sources</b>			
Proceeds from Forgivable Loan	127,332	-	127,332
	127,332	-	127,332
<b>Net Change in Fund Balance</b>	(260,765)	(900)	(261,665)
<b>Fund Balance, Beginning of year</b>	2,308,315	518,999	2,827,314
	2,308,315	518,999	2,827,314
<b>Fund Balance, End of year</b>	\$ 2,047,550	\$ 518,099	\$ 2,565,649
	2,047,550	518,099	2,565,649

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balance of the Governmental Fund to the Statement of Activities  
 For the Year Ended June 30, 2022

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

Net Change in Fund Balance of the Governmental Fund	\$	(261,665)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Depreciation expense		(123,753)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>		
Bond Principal Payments		145,000
Line of Credit Proceeds		(127,332)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:</p>		
Amortization of Loss on Refunding		(62,585)
Change in accrued interest		1,933
Change in compensated absences		4,360
Amortization of Bond Premium		6,375
Net pension liability		2,389,555
Pension-related deferred outflows of resources		(1,049,648)
Pension-related deferred inflows of resources		362,067
Net OPEB liability		72,900
OPEB-related deferred outflows of resources		4,509
OPEB-related deferred inflows of resources		2,549
		1,364,265
Change in Net Position of Governmental Activities	\$	1,364,265

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

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

Platte River Academy (the Academy) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Douglas County School District RE.1 (the District). The Academy began operations in 1997.

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

**Reporting Entity**

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

The Academy includes the Platte River Academy Building Corporation (the Corporation) within its reporting entity. The Corporation was organized exclusively for the purpose of holding title to real and/or personal property for, and to make the same available for use by, the Academy, and to otherwise provide facilities, equipment and other physical plant and related support to the Academy. The Corporation is blended into the Academy's financial statements as a Special Revenue Fund and does not issue separate financial statements.

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

**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 activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

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

**Government-wide and Fund Financial Statements** (Continued)

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

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

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

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

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

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

The Academy reports the following major governmental fund:

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

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

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

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

*Building Fund* - This fund is used to account for the financial activities of the Corporation, primarily related to capital assets and the related debt service.

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

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

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

*Capital Assets* - Capital assets, which include land and buildings, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

Buildings and Improvements	15 - 45 years
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*Accrued Salaries and Benefits* - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during an Academy year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

*Unearned Revenues* - Unearned revenues represent resources received by the Academy before it has a legal claim to them, including tuition and fees.

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

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

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

*Compensated Absences* - The Academy's policy allows employees to use personal and sick leave. Any unused leave may be accumulated and accrued into a leave bank. Upon termination of employment, no financial compensation is paid for unused personal leave. If an employee leaves the Academy after ten years of service, accrued sick leave to a maximum of 70 days will be paid at the rate of \$45 per day. A long-term liability has been reported in the government-wide financial statements for the earned and accrued sick leave, which is expected to be liquidated with revenues of the General Fund.

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

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

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

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

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Notes to Financial Statements  
 June 30, 2022

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

**Risk Management**

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

**Subsequent Events**

The Academy evaluated subsequent events through October 31, 2022 the date the financial statements were available to be issued.

**Note 2: Deposits and Investments**

Cash and investments at June 30, 2022, consisted of the following:

Deposits	\$ 382,789
Investments	<u>2,476,959</u>
Total	<u><u>\$ 2,859,748</u></u>

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

Cash and Investments	\$ 2,341,649
Restricted Cash and Investments	<u>518,099</u>
Total	<u><u>\$ 2,859,748</u></u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. As of June 30, 2022, the Academy did not have any deposits in excess of FDIC insurance limits.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 2: Deposits and Investments (Continued)**

**Investments**

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

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

At June 30, 2022, the Academy and the Corporation had the following investments:

Investment Type	S&P Rating	Investment Maturities (in Years)			Total
		Less Than 1	1 - 5	Greater than 5	
Local Government Investment Pool	AAAm	\$ 609,905	\$ -	\$ -	\$ 609,905
U.S. Agency Securities	AAA	59,866	47,580	-	107,446
U.S. Agency Securities	AA+	-	95,122	-	95,122
Municipal Securities	AAA	84,477	262,667	-	347,144
Municipal Securities	AA+	75,140	154,018	-	229,158
Municipal Securities	AA	229,930	347,965	-	577,895
Municipal Securities	AA-	173,498	146,995	-	320,493
Municipal Securities	A+	-	24,957	-	24,957
Municipal Securities	A	-	27,973	-	27,973
Corporate Securities	AA+	24,904	111,962	-	136,866
<b>Total</b>		<b>\$ 1,257,720</b>	<b>\$ 1,219,239</b>	<b>\$ -</b>	<b>\$ 2,476,959</b>

**Fair Value Measurements** - The Academy reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments or other observable inputs; and Level 3 inputs are unobservable inputs. At June 30, 2022, the Academy's investment securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). The external investment pool was reported at the net asset value per share.

**Interest Rate Risk** - State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years. Corporate securities must mature within three years.

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

**Note 2: Deposits and Investments (Continued)**

**Investments** *(Continued)*

*Credit Risk* - State statutes limit investments in municipal securities to those with at least two credit ratings at or above A or its equivalent by nationally recognized statistical rating organizations (NRSROs). Corporate securities must have at least two credit ratings from any of the NRSROs at or above AA - or its equivalent.

*Concentration of Credit Risk* - State statutes do not limit the amount the Academy may invest in a single issuer, except for corporate securities, which are limited to 50% of total investments or 5% for a single issuer.

*Local Government Investment Pool* - At June 30, 2022, the Academy had \$91,806 and \$518,099 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Legal Compliance**

At June 30, 2022, the Academy had bank deposits with a balance of \$196,034 held and issued by banks not registered under the PDPA.

**Restricted Cash and Investments**

At June 30, 2022, the Corporation had investments of \$518,099 restricted by its loan agreement for capital projects and future debt service.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2022, is summarized below.

	Balance 6/30/21	Additions	Deletions	Balance 6/30/22
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 553,332	\$ -	\$ -	\$ 553,332
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	5,454,383	-	-	5,454,383
Accumulated Depreciation	(2,211,973)	(123,753)	-	(2,335,726)
Total Capital Assets, <i>Being Depreciated</i>	<u>3,242,410</u>	<u>(123,753)</u>	<u>-</u>	<u>3,118,657</u>
Governmental Activities Capital Assets, <i>Net</i>	<u>\$ 3,795,742</u>	<u>\$ (123,753)</u>	<u>\$ -</u>	<u>\$ 3,671,989</u>

**Note 4: Long-Term Debt**

Following is a summary of long-term debt transactions for the year ended June 30, 2022:

	Balance 6/30/21	Additions	Payments	Balance 6/30/22	Due Within One Year
<b>Governmental Activities</b>					
Series 2017 Refunding and Improvement Bonds	\$ 5,570,000	\$ -	\$ (145,000)	\$ 5,425,000	\$ 150,000
Series 2017 Premium	144,428	-	(6,375)	138,053	-
Stiffel Pledged Asset Line of Credit	-	127,332	-	127,332	-
Compensated Absences	22,599	-	(4,360)	18,239	-
Total	<u>\$ 5,737,027</u>	<u>\$ 127,332</u>	<u>\$ (155,735)</u>	<u>\$ 5,708,624</u>	<u>\$ 150,000</u>

On February 22, 2017, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$6,075,000 Charter School Refunding and Improvement Bonds, Series 2017A and 2017B. Bond proceeds were used to refund the outstanding Series 2004 Bonds originally loaned to the Corporation to finance construction of the Academy's educational facilities, and to loan an additional \$500,000 to the Corporation to construct new classrooms. The Academy is obligated under a lease agreement to make monthly lease payments to the Corporation for using the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. Interest accrues on the bonds at rates ranging from 4% to 5% per annum and is payable semi-annually on September 1 and March 1. Principal payments are due annually on March 1, from 2018 through 2044.

On June 28, 2022, the Academy opened a pledged asset revolving line of credit with Stifel Bank & Trust for \$1,400,000. The line of credit doesn't have a maturity date and have an interest rate of 6.40%.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 4: Long-Term Debt** (Continued)

Future debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 150,000	\$ 230,700	\$ 380,700
2024	155,000	224,700	379,700
2025	160,000	218,500	378,500
2026	170,000	212,100	382,100
2027	175,000	203,600	378,600
2028-2032	1,025,000	976,750	2,001,750
2033-2037	1,290,000	619,000	1,909,000
2038-2042	1,570,000	339,400	1,909,400
2043-2044	730,000	44,200	774,200
Total	<u>\$ 5,425,000</u>	<u>\$ 3,068,950</u>	<u>\$ 8,493,950</u>

**Note 5: Defined Benefit Pension Plan**

**General Information**

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

*Benefits provided as of June 30, 2022* - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan** (Continued)

**General Information** (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

*Contribution provisions as of June 30, 2022* - Eligible employees, the Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 01, 2021 through June 30, 2022. The (School/Academy/District)'s contribution rate was 20.90% of covered salaries for July 01, 2021 through June 30, 2022. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were \$609,345 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 SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. 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.

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

The net pension liability for the SCHDTF was measured at December 31, 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 Academy proportion of the net pension liability was based on the Academy contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2022, the Academy reported a net pension liability of \$5,539,545 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

Academy proportionate share of net pension liability	\$ 6,174,583
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the Academy	<u>(635,038)</u>
Proportionate share of the net pension liability	<u>\$ 5,539,545</u>

At December 31, 2021, the Academy's proportion was 0.0476013639%, which was a decrease of 0.0048467692% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the Academy recognized pension benefit of \$1,687,298 and expense of \$136,113 for support from the State as a nonemployer contributing entity. At June 30, 2022 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 212,078	\$ -
Changes of assumptions and other inputs	422,903	-
Net difference between projected and actual earnings on plan investments	-	2,082,701
Changes in proportion	741,292	1,126,851
Contributions subsequent to the measurement date	<u>315,030</u>	<u>-</u>
Total	<u>\$ 1,691,303</u>	<u>\$ 3,209,552</u>

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

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

\$315,030 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (380,681)
2024	(614,808)
2025	(584,994)
2026	<u>(252,796)</u>
 Total	 <u>\$ (1,833,279)</u>

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

Actuarial cost method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.3%
Hired after 12/31/2006	Financed by AIR

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.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-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 periods 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 percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent 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.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

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

As of the most recent 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:

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

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 rate of return assumption of 7.25%.

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

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

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 5: 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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount 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.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 5: Defined Benefit Pension Plan (Continued)**

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

*Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate* - The following presents the 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	\$ 8,153,757	\$ 5,539,545	\$ 3,358,082

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

**Note 6: Postemployment Healthcare Benefits**

**General Information**

*Plan description* - Eligible employees of the Academy are provided with OPEB through the HCTF - a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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](http://www.copera.org/investments/pera-financial-reports).

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

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

Enrollment in the PERACare 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 over 65 years of age 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.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

***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 subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy was \$31,264, for the year ended June 30, 2022.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

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

At June 30, 2022, the Academy reported a liability of \$267,971 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at 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 total OPEB liability to December 31, 2021. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year ended December 31, 2021, relative to the contributions of all participating employers to the HCTF.

At December 31, 2021, the Academy's proportion was 0.0310760823%, which was an increase of 0.0007494313% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the Academy recognized OPEB expense of \$967. At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 410	\$ 63,537
Changes of assumptions and other inputs	5,549	14,536
Net difference between projected and actual earnings on plan investments	-	16,590
Changes in proportion	17,320	10,245
Contributions subsequent to the measurement date	16,884	-
Total	\$ 40,163	\$ 104,908

\$16,884 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<b><u>Year Ended June 30,</u></b>			
2023		\$	(22,547)
2024			(26,888)
2025			(26,384)
2026			(5,106)
2027			(2,668)
Thereafter			1,964
Total		\$	(81,629)

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

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

*Actuarial Assumptions* - The 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	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
<i>PERA benefit structure:</i>	
Service-based premium subsidy	0.0%
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	
<i>DPS benefit structure:</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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 2020 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$633, Monthly Premium of \$230, Monthly Costs Adjusted to Age 65 of \$591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$596, Monthly Premium of \$199, Monthly Costs Adjusted to Age 65 of \$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.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

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

Health care cost trend rates 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.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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 each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Financial Statements  
June 30, 2022

**Note 6: Postemployment Healthcare Benefits (Continued)**

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

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

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

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

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

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

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 adopted by the PERA's Board during the November 20, 2020, Board 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.

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

**Note 6: Postemployment Healthcare Benefits (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, as presented previously (see Note 5).

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**Platte River Academy**  
 (A Component Unit of Douglas County School District RE.1)  
 Notes to Financial Statements  
 June 30, 2022

**Note 6: Postemployment Healthcare Benefits (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 HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ <u>311,220</u>	\$ <u>267,971</u>	\$ <u>231,028</u>

*Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates.* - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 5.50%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Proportionate share of the net OPEB liability	\$ <u>260,275</u>	\$ <u>267,971</u>	\$ <u>276,885</u>

*OPEB plan fiduciary net position* - Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
Notes to Financial Statements  
June 30, 2022

**Note 7: Commitments and Contingencies**

**Claims and Judgments**

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

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the Academy believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the Academy has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2022, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$175,952.

**Current Economic Conditions**

During the year ended June 30, 2022, the United States of America and State of Colorado declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The Academy has adapted and made changes to operations due to potential impacts on health and safety. Should these conditions persist, the Academy could be negatively impacted.

## **Required Supplementary Information**

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 School Division Trust Fund  
 June 30, 2022

	12/31/21	12/31/20	12/31/19	12/31/18
<b>Proportionate Share of the Net Pension Liability</b>				
Academy's Proportion of the Net Pension Liability	0.0476013639%	0.0524481331%	0.0448707655%	0.0459747674%
Net Pension Liability				
School's Proportionate Share	\$ 5,539,545	\$ 7,929,100	\$ 6,703,595	\$ 8,140,777
State's Proportionate Share	635,038	-	850,265	1,113,140
Total Proportionate Share of the Net Pension Liability	6,174,583	7,929,100	7,553,860	9,253,917
Academy's Covered-Employee Payroll	\$ 2,974,552	\$ 2,804,445	\$ 2,637,271	\$ 2,527,478
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	186%	283%	254%	322%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75%	67%	65%	57%
	6/30/22	6/30/21	6/30/20	6/30/19
<b>Academy Contributions</b>				
Statutorily Required Contribution	\$ 609,345	\$ 572,604	\$ 542,619	\$ 495,136
Contributions in Relation to the Statutorily Required Contribution	(609,345)	(572,604)	(542,619)	(495,136)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Academy's Covered-Employee Payroll	\$ 3,065,115	\$ 2,878,953	\$ 2,690,660	\$ 2,588,266
Contributions as a Percentage of Covered-Employee Payroll	19.88%	19.89%	20.17%	19.13%

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

(Continued)

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability and Contributions  
Public Employees' Retirement Association of Colorado  
School Division Trust Fund  
June 30, 2022  
(Continued)

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
<b>Proportionate Share of the Net Pension Liability</b>					
Academy's Proportion of the Net Pension Liability	0.0552008443%	0.0546579461%	0.0530029239%	0.0509400076%	0.0495438324%
Net Pension Liability					
School's Proportionate Share	\$ 17,849,991	\$ 16,273,784	\$ 8,106,423	\$ 6,904,082	\$ 6,319,302
State's Proportionate Share	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability	17,849,991	16,273,784	8,106,423	6,904,082	6,319,302
Academy's Covered-Employee Payroll	\$ 2,546,350	\$ 2,453,213	\$ 2,309,855	\$ 2,134,028	\$ 1,997,269
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%
<b>Academy Contributions</b>					
Statutorily Required Contribution	\$ 475,769	\$ 465,934	\$ 421,898	\$ 380,209	\$ 329,105
Contributions in Relation to the Statutorily Required Contribution	(475,769)	(465,934)	(421,898)	(380,209)	(329,105)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's Covered-Employee Payroll	\$ 2,519,217	\$ 2,533,704	\$ 2,374,933	\$ 2,250,207	\$ 2,058,212
Contributions as a Percentage of Covered-Employee Payroll	18.89%	18.39%	17.76%	16.90%	15.99%

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

**Platte River Academy**  
*(A Component Unit of Douglas County School District RE.1)*  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
 Public Employees' Retirement Association of Colorado  
 Health Care Trust Fund  
 June 30, 2022

	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net OPEB Liability</b>					
Academy's Proportion of the Net OPEB Liability	0.0303266510%	0.0303266510%	0.0293304386%	0.0298838327%	0.0313649129%
Academy's Proportionate Share of the Net OPEB Liability	\$ 267,971	\$ 340,871	\$ 329,674	\$ 406,582	\$ 407,618
Academy's Covered Payroll	\$ 2,974,552	\$ 2,804,445	\$ 2,637,271	\$ 2,527,478	\$ 2,653,298
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	12%	13%	16%	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	33%	24%	17%	18%
	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>Academy Contributions</b>					
Statutorily Required Contribution	\$ 31,264	\$ 29,365	\$ 27,445	\$ 26,400	\$ 25,696
Contributions in Relation to the Statutorily Required Contribution	<u>(31,264)</u>	<u>(29,365)</u>	<u>(27,445)</u>	<u>(26,400)</u>	<u>(25,696)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's Covered Payroll	\$ 3,065,115	\$ 2,878,953	\$ 2,690,660	\$ 2,588,266	\$ 3,197,701
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	0.80%

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

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Per Pupil Revenue	\$ 4,121,345	\$ 4,350,372	\$ 4,347,886	\$ (2,486)
District Mill Levy	598,810	608,520	608,520	-
Extended Day Programs Fees	300,000	301,100	301,338	238
Pupil Activities	125,000	159,274	170,829	11,555
Food Service Fees	4,000	9,500	9,745	245
Contributions	50,000	118,937	146,199	27,262
Facility Rental	18,000	22,626	28,589	5,963
Investment Income	30,000	(97,492)	(62,613)	34,879
Other	5,000	100,701	22,076	(78,625)
<b>Total Local Sources</b>	<u>5,252,155</u>	<u>5,573,538</u>	<u>5,572,569</u>	<u>(969)</u>
<i>State Sources</i>				
Capital Construction	135,000	151,394	151,395	1
Grants	90,000	97,318	82,678	(14,640)
<b>Total State Sources</b>	<u>225,000</u>	<u>248,712</u>	<u>234,073</u>	<u>(14,639)</u>
<i>Federal Sources</i>				
Grants	-	22,425	53,405	30,980
<b>Total Federal Sources</b>	<u>-</u>	<u>22,425</u>	<u>53,405</u>	<u>30,980</u>
<b>Total Revenues</b>	<u>5,477,155</u>	<u>5,844,675</u>	<u>5,860,047</u>	<u>15,372</u>
<b>Expenditures</b>				
Salaries	2,855,337	3,250,000	3,197,701	52,299
Employee Benefits	700,486	1,009,791	961,173	48,618
Purchased Services	1,201,362	1,186,000	1,157,871	28,129
Supplies	207,094	250,000	260,866	(10,866)
Property	131,631	235,000	277,859	(42,859)
Other	11,251	485,900	392,674	93,226
<b>Total Expenditures</b>	<u>5,107,161</u>	<u>6,416,691</u>	<u>6,248,144</u>	<u>168,547</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	369,994	(572,016)	(388,097)	183,919
<b>Other Financing Sources</b>				
Transfer in	-	2,308,315	127,332	(2,180,983)
<b>Net Change in Fund Balance</b>	<u>369,994</u>	<u>1,736,299</u>	<u>(260,765)</u>	<u>(1,997,064)</u>
<b>Fund Balance, Beginning of year</b>	<u>-</u>	<u>2,308,315</u>	<u>2,308,315</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 369,994</u>	<u>\$ 4,044,614</u>	<u>\$ 2,047,550</u>	<u>\$ (1,997,064)</u>

See Accompanying Independent Auditor's Report.

**Platte River Academy**  
(A Component Unit of Douglas County School District RE.1)  
Notes to Required Supplementary Information  
June 30, 2022

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

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

**Changes in Assumptions and Other Inputs**

For the year ended June 30, 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2020. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% in the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

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

**Budgets and Budgetary Accounting**

- A budget is adopted for the Academy on a basis consistent with generally accepted accounting principles.
- Management submits to the Governing Board a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Governing Board.
- All budget appropriations lapse at fiscal year-end.