

**Lake George Charter School**

**Financial Report**

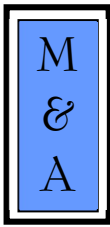
**June 30, 2022**



**Lake George Charter School  
June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Lake George Charter School  
Lake George, CO**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the general fund of Lake George Charter School Lake George (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the School as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### ***Basis for Opinions***

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

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

The School's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that the financial statements are issued.

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## **INDEPENDENT AUDITORS REPORT**

**To the Board of Directors  
Lake George Charter School  
Lake George, CO**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

**INDEPENDENT AUDITORS REPORT**

**To the Board of Directors  
Lake George Charter School  
Lake George, CO**

***Required Supplementary Information***

U.S. GAAP require that Management's Discussion and Analysis in section B and the Schedule of the School's Proportionate Share of the Net Pension Liability and the Schedule of School Pension Contributions, the Schedule of the School's Proportionate Share of the Other Post-Employment Benefits Liabilities and the Schedule of the School's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental Information in Section E, 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 placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, 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.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
February 1, 2023**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



**Lake George Charter School  
Management's Discussion and Analysis  
As of and for the fiscal year ended June 30, 2022**

As management of the Lake George Charter School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

### **Financial Highlights**

- The assets and deferred outflows of the School were exceeded by its liabilities and deferred inflows as of June 30, 2022 by \$845,364 resulting in deficit net position. The School was not able to report a positive amount for unrestricted assets, due to governmental standards requiring employers to recognize their long-term obligation for pension benefits and other post-employment benefits ("OPEB") as a liability on the Statement of Net Position.

### **Overview of the Financial Statements**

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

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

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

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

The School-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion their costs through user fees and charges (business-type activities). The school only reports governmental activities.

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

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

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the School-wide financial statements. However, unlike the School-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The School's significant, or "major", governmental fund is the General Fund.

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

The School adopts an annual appropriated budget for all of its funds. The budgetary comparison statement has been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on pages C1 - C3.

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

**School-wide Financial Analysis:**

The following table provides a comparative summary of the School's net position as of June 30, 2022 and 2021:

**Lake George Charter School Summary of Net Position**

	<u>2022</u>	<u>2021</u>
<b>Assets:</b>		
Current and other assets	\$ 1,331,851	\$ 1,159,228
Capital assets	52,529	57,487
<b>Total Assets</b>	<u>1,384,380</u>	<u>1,216,715</u>
<b>Deferred Outflows:</b>		
Pension related deferred outflows	350,223	629,916
OPEB related deferred outflows	13,804	16,087
<b>Total Deferred Outflows</b>	<u>364,027</u>	<u>646,003</u>
<b>Liabilities:</b>		
Other liabilities	126,978	134,613
Long-term liabilities	1,477,037	2,400,698
<b>Total Liabilities</b>	<u>1,604,015</u>	<u>2,535,311</u>
<b>Deferred Inflows:</b>		
Pension related deferred inflows	949,993	914,744
OPEB related deferred inflows	39,763	34,154
<b>Total Deferred Inflows</b>	<u>989,756</u>	<u>948,898</u>
<b>Net Position:</b>		
Restricted for emergency	60,813	45,402
Restricted for capital reserves	103,500	103,500
Unrestricted	(1,062,206)	(1,827,880)
<b>Total Net Position</b>	<u>\$ (845,364)</u>	<u>\$ (1,621,491)</u>

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

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2022 and 2021:

**Lake George Charter School Summary of Activities and Changes in Net Position**

	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
Per pupil funding	\$ 1,286,974	\$ 1,174,180
Investment income	1,800	1,109
Federal sources	108,884	108,266
State sources	217,659	164,608
Other	60,646	95,117
<b>Total Revenues</b>	<u>1,675,963</u>	<u>1,543,280</u>
<b>Expenditures/Expenses:</b>		
Direct instruction	424,336	513,959
General administration	134,094	156,644
Support services	85,546	115,792
Custodial maintenance	179,144	157,695
Transportation	2,000	1,315
Food Service Operations	73,265	57,431
Capital Outlay	1,451	-
<b>Total Expenditures/Expenses</b>	<u>899,836</u>	<u>1,003,336</u>
<b>Change in Net Position</b>	776,127	539,944
<b>Net Position - July 1</b>	<u>(1,621,491)</u>	<u>(2,161,435)</u>
<b>Net Position - June 30</b>	<u>\$ (845,364)</u>	<u>\$ (1,621,491)</u>

**Governmental Activities:** Because the School's building and significant assets are owned by the District and the School has no debt, the governmental activities do not differ in any significant way from the School Fund activities.

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

## Financial Analysis of the School's Funds

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

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

As of the end of the current fiscal year, the School's governmental funds reported ending fund balances of \$1,217,165 an increase change of \$183,145 from the prior year ending fund balances.

**Budget Variances in the General Fund:** The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Statement of Revenues and Expenditures on page C3 of the audited financial statements. The most significant budgeted variances are noted as follows:

<u>Account</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Reason</u>
<b>Revenues:</b>			
District funding	\$ 1,445,805	\$ 1,286,974	Lower per pupil, resulting in higher state sources
Federal sources	340,145	108,884	Expected ESSER Allocation not received
State sources	190,960	256,268	Lower per pupil, resulting in higher state sources
<b>Total Revenues</b>	<u>2,025,435</u>	<u>1,714,572</u>	
<b>Expenditures/Expenses:</b>			
Direct instruction	875,454	828,440	Unable to hire staff
Support services	124,089	85,546	Unused tech contract services
<b>Total Expenditures</b>	<u>1,651,019</u>	<u>1,531,427</u>	

**Capital Assets:** The School's capital assets are owned by the Park County School District.

**Long-Term Liabilities:** As of the end of the current fiscal year, the School has long-term liabilities of \$1,477,037. This includes Net Pension Liability of \$1,408,877 and Net OPEB Liability of \$68,160, which is required to be reported to recognize their long-term obligation for pension and OPEB benefits as a liability on the Statement of Net Position.

Additional information, as well as detailed classification of the School's long-term liabilities, can be found in the Notes to the Financial Statements section of this report.

**Next Year's Budget and Fund Balance:** The School's General Fund's equity balance at the end of fiscal year totaled \$1,217,165. The subsequent year's budget for fiscal year ended June 30, 2023 is fiscally balanced.

### Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lake George Charter School, School Headmaster, P.O. Box 420, Lake George, Colorado 80827.

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



**Lake George Charter School**  
**Balance Sheet/Statement of Net Position**  
**June 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 753,400	\$ -	\$ 753,400
Due from other governments	578,451	-	578,451
Capital assets, net of accumulated depreciation	-	52,529	52,529
<b>Total Assets</b>	<u>1,331,851</u>	<u>52,529</u>	<u>1,384,380</u>
<b>Deferred Outflows:</b>			
Related to pension	-	350,223	350,223
Related to other post-employment benefits	-	13,804	13,804
<b>Total Deferred Outflows</b>	<u>-</u>	<u>364,027</u>	<u>364,027</u>
<b>Current Liabilities:</b>			
Accounts payable	8,176	-	8,176
Accrued payroll and related liabilities	106,510	12,292	118,802
<b>Total Current Liabilities</b>	<u>114,686</u>	<u>12,292</u>	<u>126,978</u>
<b>Noncurrent Liabilities:</b>			
Net pension liability	-	1,408,877	1,408,877
Net other post-employment benefit liability	-	68,160	68,160
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>1,477,037</u>	<u>1,477,037</u>
<b>Deferred Inflows:</b>			
Related to pension	-	949,993	949,993
Related to other post-employment benefits	-	39,763	39,763
<b>Total Deferred Inflows</b>	<u>-</u>	<u>989,756</u>	<u>989,756</u>
<b>Fund Balances/Net Position:</b>			
<b>Fund balance:</b>			
Restricted for emergencies	60,813	(60,813)	
Restricted for capital reserves	103,500	(103,500)	
Unassigned	1,052,852	(1,052,852)	
<b>Total Fund Balance</b>	<u>1,217,165</u>	<u>(1,217,165)</u>	
<b>Total Liabilities and Fund Balance</b>	<u>1,331,851</u>		
<b>Net Position:</b>			
Invested in capital assets, net of related debt		52,529	52,529
Restricted for emergencies		60,813	60,813
Restricted capital reserves		103,500	103,500
Unrestricted		(1,062,206)	(1,062,206)
<b>Total Net Position</b>		<u>\$ (845,364)</u>	<u>\$ (845,364)</u>

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

**Lake George Charter School  
Statement of Revenues, Expenditures and  
Changes in Fund Balance/Statement of Activities  
For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
District funding	\$ 1,286,974	\$ -	\$ 1,286,974
Investment income	1,800	-	1,800
Federal sources	108,884	-	108,884
State sources	256,268	(38,609)	217,659
Other	60,646	-	60,646
<b>Total Revenues</b>	<u>1,714,572</u>	<u>(38,609)</u>	<u>1,675,963</u>
<b>Expenditures/Expenses:</b>			
Direct instruction	828,440	(404,104)	424,336
General administration	222,657	(88,563)	134,094
Support services	85,546	-	85,546
Custodial maintenance	274,278	(95,134)	179,144
Transportation	2,000	-	2,000
Food Service Operations	117,055	(43,790)	73,265
Capital Outlay	1,451	-	1,451
<b>Total Expenditures/Expenses</b>	<u>1,531,427</u>	<u>(631,591)</u>	<u>899,836</u>
<b>Change in Fund Balance/Net Position</b>	183,145	592,982	776,127
<b>Fund Balance/Net Position:</b>			
Beginning of the Year	<u>1,034,020</u>		<u>(1,621,491)</u>
End of the Year	<u>\$ 1,217,165</u>		<u>\$ (845,364)</u>

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

**Lake George Charter School**  
**Statement of Revenues and Expenditures**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
District funding	\$ 1,445,805	\$ 1,286,974	\$ (158,831)	\$ 1,174,180
Investment income	1,500	1,800	300	1,109
Federal sources	340,145	108,884	(231,261)	108,266
State sources	190,960	273,511	82,551	164,608
Other	47,025	60,646	13,621	95,117
<b>Total Revenues</b>	<u>2,025,435</u>	<u>1,731,815</u>	<u>(293,620)</u>	<u>1,543,280</u>
<b>Expenditures/Expenses:</b>				
Direct instruction	875,454	840,242	35,212	820,384
General administration	234,787	225,340	9,447	219,947
Support services	124,089	85,546	38,543	115,792
Custodial maintenance	279,597	277,036	2,561	212,724
Transportation	2,000	2,000	-	1,315
Community service	500	-	500	500
Food Service Operations	112,592	117,055	(4,463)	70,028
Contingency	16,000	-	16,000	-
Capital Outlay	22,000	1,451	20,549	60,410
<b>Total Expenditures/Expenses</b>	<u>1,667,019</u>	<u>1,548,670</u>	<u>118,349</u>	<u>1,501,100</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	358,416	183,145	(175,271)	42,180
<b>Reconciliation to GAAP Basis:</b>				
Pension direct distribution - Special funding		17,243		-
Pension expense - Special funding		<u>(17,243)</u>		<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis:</b>		<u>183,145</u>		<u>42,180</u>
<b>Change in Fund Balance</b>	358,416	183,145	(175,271)	42,180
<b>Fund Balance:</b>				
Beginning of the Year	-	1,034,020	1,034,020	991,840
End of the Year	<u>\$ 358,416</u>	<u>\$ 1,217,165</u>	<u>\$ 858,749</u>	<u>\$ 1,034,020</u>

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

## NOTES TO THE FINANCIAL STATEMENTS



**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022**

**I. Summary of Significant Accounting Policies**

Lake George Charter School Lake George Charter School (the "School") was formed September 29, 1999 and operates under a charter from the Park County School District (the "District") and is a public entity. The School also created a non-profit 501(c) 3 corporation which is utilized for grants and large charitable contributions. The financial statements include both transactions of the non-profit and public entity.

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

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Community Charter School. The charter contract was later amended to separate the schools into the Lake George Charter School and the Guffey Community Charter School.

Charter Schools are financed from a portion of School Finance Act revenues and from revenues generated by the School, within the limits established by the Charter School Act, *CRS Section 22-30-101*. The School operates under an elected Board of Directors and follows state and federal accounting and reporting requirements in compliance with the terms of its approved charter.

The School's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the School are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the School, and (b) organizations for which the School is financially accountable. The School is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the School. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the School. Organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the School is not financially accountable for any other organization. The School is included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. The School's financial transactions are reported within the District's as a discretely presented component unit.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. School-wide and Fund Financial Statements**

**1. School-wide Financial Statements**

The School's basic financial statements include both School-wide (financial activities of the overall School) and fund financial statements (reporting the School's major funds). Both the School-wide and fund financial statements categorize primary activities as either governmental or business type. The School does not have any business-type activities, only governmental activities. Governmental activities generally are financed through per pupil revenue allocations from the State Department of Education, fees charged for services, intergovernmental revenues, and other non-exchange transactions.

In the School-wide Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The School-wide focus is on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The School reports the following major governmental fund:

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

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

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

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the school-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**2. Current Financial Focus and Modified Accrual Basis**

The School fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

**2. Investments**

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**3. Receivables**

The School uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. No allowance was established at June 30, 2022, as all amounts were considered collectible.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Capital Assets**

Capital assets, which include buildings and improvements, furniture, fixtures, and equipment, are reported in the school-wide financial statements. The School defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Buildings and improvements, furniture, fixtures and equipment are depreciated using the straight line method over estimated useful lives. The building occupied by the School is owned and depreciated by the District. The School had no other assets with a cost meeting the statutory capitalization policy referred to above.

**5. Long-term Obligations**

In the school-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. In the fund financial statements, the School records the face amount of debt issued as other financing sources.

**6. Pensions**

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

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**7. Defined Benefit Other Post Employment Benefit (OPEB) Plan**

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

**8. Deferred Inflows of Resources and Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. That they are the collective deferred outflows related to the School's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods, see Notes IV.E and IV.F.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The School has two items that qualify for reporting in this category. Collective deferred inflows related to the School's net pension and OPEB obligation are reported on the Statement of Net Position and are amortized over the average service lives of all active and inactive plan members, see Notes IV.E and IV.F.

**9. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the School's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**10. Fund Balance**

The School classifies governmental fund balances as follows:

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

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

**II. Reconciliation of School-wide and Fund Financial Statements**

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

The governmental fund Balance Sheet and school-wide Statement of Net Position includes a reconciling column. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund. The adjustment of \$12,292, \$1,408,877, and \$68,160, represents the additional accrued compensation, net pension liability, and net OPEB liability respectively.

Other reconciling items include changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, difference between actual and expected experience and investment earnings, and difference between actual and annualized contributions to the pension and OPEB plan are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

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

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

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the school-wide Statement of Activities includes a reconciling column. The accrual for accrued compensation, the difference between employer contributions to pension and OPEB plan, change in pension and OPEB liability, revenue recognized from the State's contribution to the pension plan as a nonemployer entity, and amortization of pension and OPEB-related deferrals resulted in an adjustment of \$592,982.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the School followed the required timetable noted below in preparing, approving, and enacting its budget for 2022.

1. The proposed budget was submitted to the School Board and the School's Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The School's Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

**B. TABOR Amendment – Revenue and Spending Limitation Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The School has reserved a portion of its June 30, 2022 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$60,813 .

On November 3, 1998, the School’s electorate approved to: *“allow the School to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State.”*

The School’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**IV. Detailed Notes on all Funds**

**A. Deposits and Investments**

The School’s deposits are entirely covered by federal depository insurance (the “FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures the first \$250,000 of the School’s deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At June 30, 2022, the School had the following investments measured at net asset value:

<b>Investments Measured at Net Asset Value</b>	<b>Total</b>
Colotrust	\$ 693,986

The deposits held by the School at June 30, 2022, were as follows:

	<b>Standard and Poors Rating</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than One Year</b>	<b>Less than Five Years</b>
<b>Deposits:</b>				
Petty	Not rated	\$ 260	260	-
Checking	Not rated	59,154	59,154	-
Pools	AAAm	693,986	693,986	-
		\$ 753,400	753,400	-

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool’s share price. The School has no regulatory oversight for the pool. The School had no other recurring fair value measurements under the fair value hierarchy.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**A. Deposits and Investments (continued)**

The School has addressed the following risks as noted:

*Credit Risk* – State statutes authorize the School to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain bankers acceptances, local government investment pools, money market funds and certificates of deposit. The School's policy is to restrict investments to only those permitted by state statute.

Colorado statutes specify instruments in which local governments may invest, including:

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

*Concentration Risk* – Investment diversification is utilized to avoid unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The School's investments consist entirely of certificates of deposit within three financial institutions. However, these deposits are made with varied maturity dates and are collateralized for amounts over insured limits as required under Colorado State Statutes.

*Interest Rate Risk* – Colorado Revised Statutes limit the School's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates. The School's investment policy is to follow the State Statute in order to reduce interest rate risk.

**B. Receivables**

The School had receivables of \$578,451 as of June 30, 2022 for the governmental funds.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 64,433	-	-	64,433
Total capital assets, being depreciated	<u>64,433</u>	<u>-</u>	<u>-</u>	<u>64,433</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	6,946	4,958	-	11,904
Total accumulated depreciation	<u>6,946</u>	<u>4,958</u>	<u>-</u>	<u>11,904</u>
<b>Total Capital Assets, Net</b>	<u>\$ 57,487</u>	<u>(4,958)</u>	<u>-</u>	<u>52,529</u>

The School had depreciation expense for the following functions:

**Function:**

Food Service	\$ 1,003
General administration	3,955
<b>Total Depreciation</b>	<u>\$ 4,958</u>

**D. Changes in Long-term Obligations**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Withir One Year</u>
Compensated absences	\$ 9,405	2,887	-	12,292	
Net OPEB Liability	84,245	-	16,085	68,160	
Net Pension Liability	2,316,452	-	907,575	1,408,877	
	<u>\$ 2,410,102</u>	<u>2,887</u>	<u>923,660</u>	<u>1,489,329</u>	

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

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

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

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

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

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

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

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Benefits provided as of December 31, 2021 (continued).* 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 disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contribution provisions as of June 30, 2022.* Eligible employees, the District, 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 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 through June 30, 2022
Employer Contribution Rate	10.90%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED as presented in C.R.S. 24-51-411	5.50%
Total Employer Contribution Rate to the SCHDTF	19.88%

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

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Contribution provisions as of June 30, 2022 (continued).* Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$154,195 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.* The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of \$1,408,877 for its proportionate share of the net pension liability. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	1,408,877
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	144,899
Total	1,553,776

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

At December 31, 2021, the School's proportion was 0.0121%, as compared to its proportion of 0.0153% measured as of December 31, 2020.

*Pension Expense.* For the year ended June 30, 2022, the School recognized pension expense (revenue) of (\$631,243) and revenue (expense) of (\$38,609) for support from the State as a nonemployer contributing entity. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 53,938	\$ -
Changes of assumptions or other inputs	107,557	-
Net difference between projected and actual earnings on pension plan investments	-	529,696
Changes in proportionate share of contributions	101,894	420,297
Difference between actual and reporting contributions recognized	-	-
Contributions subsequent to the measurement date	86,834	-
Total	\$ 350,223	\$ 949,993

\$86,834, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (138,151)
2024	(299,624)
2025	(184,534)
2026	(64,295)
	\$ (686,604)

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 - 11.0%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Future post-retirement benefit increases:	
Discount rate	7.25%
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.00%
PERA Benefit Structure hired prior after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

The Total Pension Liability (the “TPL”) as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

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 percent.

**Lake George Charter School**  
**Notes to the Financial Statements**  
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**(Continued)**

**IV Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- 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.

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV Detailed Notes on all Funds (continued)**

**E. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Discount rate (continued)*

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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	\$ 17,129,251,000	11,637,366,000	7,054,593,000
Proportionate share of net pension liability	\$ 2,073,752.28	1,408,877	854,064

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

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

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

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

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

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

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

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

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. For the year ended June 30, 2022, the School's contributions to HCTF were approximately \$7,982.

*Liabilities.* At June 30, 2022, the School reported a liability for Other Post-Employment Benefits ("OPEB") of \$68,160 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability 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 School proportion of the net OPEB liability was based on School contributions to the Health Care Trust Fund ("HCTF") for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School proportion was 0.0079%, as compared to its proportion of 0.0089% measured as of December 31, 2020.

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2022, the School recognized OPEB expense of (\$8,193). At June 30, 2022, the School 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>
Difference between expenses and actual experience	\$ 104	16,161
Change of assumptions or other inputs	1,411	3,697
Net difference between projected and actual earnings on plan investments	-	4,219
Changes in proportionate share of contributions	7,833	15,686
Difference between actual and reported contributions recognized	-	-
Contributions subsequent to measurement date	4,456	-
	\$ 13,804	39,763

\$4,456 reported as deferred outflows of resources related to other post-employment benefits, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net other post-employment benefits liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended</b>	<b>Amortization</b>
<b>June 30,</b>	
2021	\$ (6,152)
2022	(6,716)
2023	(8,233)
2024	(6,238)
2025	(2,641)
Thereafter	(435)
	\$ (30,415)

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

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.

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

The 2021 Medicare Part A premium is \$471 (actual dollars) per month. All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 total OPEB liability are summarized in the table below:

<b>Year Ending</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
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%

**Lake George Charter School**  
**Notes to the Financial Statements**  
**June 30, 2022**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Actuarial assumptions (continued).* 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, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019. The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

#### IV. Detailed Notes on all Funds (continued)

##### F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

*Actuarial assumptions (continued).* Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

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

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

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.

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

*Actuarial assumptions (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:

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

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 percent.

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

	<u><b>1% Decrease in Trend Rates</b></u>	<u><b>Current Trend Rates</b></u>	<u><b>1% Increase in Trend Rates</b></u>
Initial PERA Care Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERA Care Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend	3.50%	4.50%	5.50%
Collective Net OPEB Liability	837,542,000	862,305,000	890,991,000
Proportionate Share of the OPEB Liability	74,256	76,450	78,995

**Lake George Charter School  
Notes to the Financial Statements  
June 30, 2022  
(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	<b>1% Decrease 6.25%</b>	<b>Current Discount 7.25%</b>	<b>1% Increase 8.25%</b>
OPEB Liability	\$ 1,001,477,000	\$ 862,305,000	\$ 743,428,000
Proportionate Share of Net OPEB Liability	\$ 88,791	\$ 76,450	\$ 65,912

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

**Lake George Charter School**  
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**June 30, 2022**  
**(Continued)**

**V. Other Information**

**A. Voluntary Investment Program**

**Plan Description** - Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy.** Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the School for the year ended June 30, 2022, 2021 and 2020.

**B. Risk Management**

*Risk of Loss:* The School is exposed to various risks of loss related to workers compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The School has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

*Pupil Counts:* Each year the School submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which Schools are asked to report all students who are actively enrolled and attending classes through their School on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each School's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits Schools every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the School, as well as issues or concerns that might have arisen from prior audits.

The School believes its pupil count information is accurate and any adjustment would not be material.

**C. Lease Agreement**

The School entered into a lease agreement with Park County School School, effective July 1, 2009. The agreement provides for the School to occupy the School Building at no cost for a period of five years. Effective July 1, 2016, the agreement was renewed for a period of five years.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's proportion of the net pension liability	0.0121%	0.0153%	0.0145%	0.0138%	0.0141%	0.0139%	0.0143%	0.0157%	0.0152%
School's proportionate share of the net pension liability	\$ 1,408,877	\$ 2,316,453	\$ 2,172,731	\$ 2,437,048	\$ 4,571,451	\$ 4,150,166	\$ 2,191,856	\$ 2,129,956	\$ 1,939,746
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	144,899	-	244,564	293,148	-	-	-	-	-
Total proportionate share of the net pension liability associated with the School	<u>1,553,776</u>	<u>2,316,453</u>	<u>2,417,295</u>	<u>2,730,196</u>	<u>4,571,451</u>	<u>4,150,166</u>	<u>2,191,856</u>	<u>2,129,956</u>	<u>1,939,746</u>
School's covered payroll	719,692	809,164	808,096	747,984	651,910	593,327	576,156	601,627	608,823
School's proportionate share of the net pension liability as a percentage of its covered payroll	196%	286%	269%	326%	701%	699%	380%	354%	319%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.96%	59.20%	62.84%	62.84%	64.07%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

**Lake George Charter School**  
**Schedule of School Pension Contributions**  
**Colorado Public Employees' Retirement Association School Division Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 154,195	\$ 156,144	\$ 161,987	\$ 143,321	\$ 121,492	\$ 113,422	\$ 108,235	\$ 108,169	\$ 95,210
Contributions in relation to the contractually required contribution	<u>\$ (154,195)</u>	<u>\$ (156,144)</u>	<u>\$ (161,987)</u>	<u>\$ (143,321)</u>	<u>\$ (121,492)</u>	<u>\$ (113,422)</u>	<u>\$ (108,235)</u>	<u>\$ (108,169)</u>	<u>\$ (95,210)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 775,630	\$ 785,431	\$ 835,846	\$ 749,195	\$ 651,910	\$ 593,327	\$ 576,156	\$ 601,627	\$ 608,823
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.64%	19.12%	18.79%	17.98%	15.64%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

**Lake George Charter School**  
**Schedule of School's Proportionate Share of the Net Other Post-Employment Liability**  
**Colorado Public Employees' Retirement Association Health Care Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability	0.0079%	0.0089%	0.0095%	0.0089%	0.0080%	0.0079%
School's proportionate share of the net OPEB liability	\$ 68,162	\$ 84,245	\$ 106,820	\$ 121,716	\$ 104,393	\$ 102,725
School's covered payroll	719,692	809,164	808,096	747,984	651,910	778,222
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	9%	10%	13%	16%	16%	13%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.13%	17.53%	16.72%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2017.

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

**Lake George Charter School**  
**Schedule of School Other Post-Employment Contributions**  
**Colorado Public Employees' Retirement Association Health Care Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2022</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 7,911	\$ 8,011	\$ 8,526	\$ 7,642	\$ 6,652	\$ 6,381
Contributions in relation to the contractually required contribution	<u>(7,911)</u>	<u>(8,011)</u>	<u>(8,526)</u>	<u>(7,642)</u>	<u>(6,652)</u>	<u>(6,381)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
School's covered payroll	775,630	785,431	835,846	749,195	651,910	593,327
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.08%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

**Lake George Charter School**  
**Notes to the Required Supplementary Information**  
**June 30, 2022**

**I. Schedule of School's Proportionate Share of the Net Pension Liability**

**A. Changes to assumptions or other inputs**

**1. Changes since the December 31, 2020 actuarial valuation:**

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

**2. Changes since the December 31, 2019 actuarial valuation:**

- The price inflation assumption was lowered from 2.4 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.5 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and Denver Public School ("DPS") Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 Contingent Survivor Table, adjusted as follows:
- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a head-count weighted basis.

**3. Changes since the December 31, 2018 actuarial valuation:**

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

**4. Changes Since the December 31, 2017 actuarial valuation:**

- The single equivalent interest rate ("SEIR") was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the fiduciary net position (the "FNP"), thereby eliminating the need to apply the municipal bond index rate.

**Lake George Charter School**  
**Notes to the Required Supplementary Information**  
**June 30, 2022**  
**(continued)**

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

**A. Changes to assumptions or other inputs (continued)**

**4. Changes Since the December 31, 2016 actuarial valuation:**

- The SEIR was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

**5. Changes Since the December 31, 2015 actuarial valuation:**

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIRFDN for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate

**6. Changes Since the December 31, 2014 actuarial valuation:**

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

**Lake George Charter School**  
**Notes to the Required Supplementary Information**  
**June 30, 2022**  
**(continued)**

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

**B. Changes to assumptions or other inputs (continued)**

**6. Changes Since the December 31, 2014 actuarial valuation (continued):**

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

**C. Changes of benefit terms.**

No changes during the years presented above.

**D. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

**II. Notes to the Schedule of School Pension Contributions**

**A. Changes to assumptions or other inputs**

No changes during the years presented above.

**B. Changes of benefit terms.**

No changes during the years presented above.

**C. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

**III. Schedule of the School's Proportionate Share of the OPEB Liability**

**A. Changes to assumptions or other inputs**

No changes during the years presented.

**B. Changes of benefit term**

No changes during the years presented.

**C. Changes of size or composition of population covered by terms**

No changes during the years presented.

**Lake George Charter School**  
**Notes to the Required Supplementary Information**  
**June 30, 2022**  
**(continued)**

**IV. Notes to the Schedule of School OPEB Contributions**

**A. Changes to assumptions or other inputs**

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

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

**B. Changes of benefit terms.**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented.