

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE. 1)

Financial Statements

June 30, 2022



Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Table of Contents
June 30, 2022

Independent Auditor’s Report	1
Management’s Discussion and Analysis	i
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	4
Statement of Activities	5
<i>Governmental Funds</i>	
Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	8
<i>Notes to Financial Statements</i>	9
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	34
Schedule of Proportionate Share of the Net OPEB Liability and Contributions	36
Budgetary Comparison Schedule General Fund	37
<i>Notes to Required Supplementary Information</i>	38



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Aspen Ridge School, Inc.
Erie, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Aspen Ridge School, Inc. dba Aspen Ridge Preparatory School (the School), a component unit of St. Vrain Valley School District RE-1J, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hick & Company, PC

Englewood, Colorado
October 28, 2022





Aspen Ridge Preparatory School Management's Discussion and Analysis June 30, 2022

As management of Aspen Ridge Preparatory School (hereafter "ARPS"), we offer readers of the ARPS's basic financial statements this narrative and analysis of the financial activities of ARPS for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the accompanying financial statements.

Financial Highlights

The year ending June 30, 2022 was the 11th year of operations for ARPS. The net position of the school increased to \$1,698,415. The continued negative unrestricted net position is due in part to the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Number 68 (pension) and GASB 75(OPEB). Further information about GASB 68 and OPEB are provided in Notes 5 and 6 of the financial statements, respectively.

The operations of ARPS are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was approximately \$8,819.73 per full-time equivalent student.

At the close of the fiscal year ARPS's governmental funds reported a combined ending fund balance of \$4,675,153.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

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

Aspen Ridge School, Inc.
Management Discussion and Analysis
June 30, 2022

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. ARPS keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term financing requirements.

ARPS adopts an annual budget for its general fund. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of ARPS's financial position. For the year ending June 30, 2022, ARPS's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,698,415 based on the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Number 68 and 75.

Aspen Ridge School, Inc.
Management Discussion and Analysis
June 30, 2022

Net Position as of June 30, 2022 were as follows:

	2022	2021
Assets		
Cash and Investments	\$3,234,940	\$2,536,996
Restricted Cash and Investments	1,385,878	1,363,865
Accounts Receivable	105,152	163,031
Due from District	195,012	-
Prepaid Expenses	43,450	67,107
Capital Assets, Not Depreciated	682,150	682,150
Capital Assets, Depreciated Net of Accumulated Depreciation	<u>11,214,905</u>	<u>11,539,639</u>
Total Assets	\$16,861,487	\$16,352,788
DEFERRED OUTFLOWS OF RESOURCES Related to Pensions/OPEB	\$2,630,758	\$2,944,407
Liabilities		
Accounts Payable	12,809	2,287
Accrued Salaries and Benefits	242,587	192,554
Due to District	31,483	1,398
Unearned Revenue	2,400	4,275
Accrued Interest Payable	260,233	264,564
Noncurrent Liabilities		
Due in One Year	225,000	215,000
Due in More than One Year	10,025,000	10,250,000
Net Pension and OPEB Liability	<u>4,868,279</u>	<u>6,370,684</u>
Total Liabilities	\$15,667,791	\$17,300,762
DEFERRED INFLOWS OF RESOURCES Related to Pensions/OPEB	2,126,039	2,696,831
Net Position		
Invested in Capital Assets	1,647,055	1,756,789
Restricted	1,314,210	1,265,405
Unrestricted	<u>(1,262,850)</u>	<u>(3,722,592)</u>
Total Net Position	\$1,698,415	\$(700,398)

Aspen Ridge School, Inc.
Management Discussion and Analysis
June 30, 2022

Changes in Net Position for the years ended June 30, 2022, were as follows:

	2022	2021
Revenues		
Charges for Services	\$302,201	\$228,980
Grants and Contributions	778,193	589,146
Per Pupil Revenue	4,434,887	3,831,114
Mill Levy Override	860,725	829,495
Interest	660	778
Other	53,347	48,717
Total Revenues	\$6,430,013	\$5,528,230
Expenditures		
Instruction	\$883,963	\$789,789
Support Services	\$3,147,237	\$2,946,376
Total Expenditures	\$4,031,200	\$3,736,165
Net Change in Net Position	\$2,398,813	\$1,792,065
Net Position, Beginning, As Restated	(700,398)	(2,492,463)
Net Position, Ending	\$ 1,698,415	\$ (700,398)

Financial Analysis of ARPS's Funds

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

The general fund is the major operating fund of ARPS. At the end of the current fiscal year the general fund balance was \$3,289,275.

General Fund Budgetary Highlights

ARPS budgeted amount for expenditures was \$6,043,360 for the year ended June 30, 2022. Actual expenditures were \$5,618,007. ARPS was \$425,353 under budget. This difference in anticipated spending is largely due to Covid 19 pandemic and funding made available by the federal government. The budget was amended twice through the year.

Aspen Ridge School, Inc.
Management Discussion and Analysis
June 30, 2022

Capital Asset and Debt Administration

Capital assets. ARPS's net capital assets, as of June 30, 2022, totals \$11,897,055. There was a decrease to capital assets from the prior fiscal year due to accumulated depreciation.

Long-term debt. The school has \$10,250,000 of long-term debt as of June 30, 2022. This debt was issued to finance the purchase and construction of the ARPS land and building.

Additional information on capital assets and long-term debt is provided in Notes 3 and 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for ARPS is student enrollment. Enrollment for the 2021-2022 school year was 503 students.

The enrollment projected for the 2022-2023 school year is expected to be 523 students. This factor was considered in preparing ARPS's budget for 2022-2023.

Requests for Information

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

Aspen Ridge Preparatory School
705 Austin Avenue
Erie, CO 80516

Basic Financial Statements

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash	\$ 3,234,940
Restricted Cash and Investments	1,385,878
Accounts Receivable	105,152
Due from District	195,012
Prepaid Expenses	43,450
Capital Assets, <i>Not Being Depreciated</i>	682,150
Capital Assets, <i>Net of Accumulated Depreciation</i>	11,214,905
Total Assets	16,861,487
Deferred Outflows of Resources	
Pensions, <i>Net of Accumulated Amortization</i>	2,560,834
OPEB, <i>Net of Accumulated Amortization</i>	69,924
Total Deferred Outflows of Resources	2,630,758
Liabilities	
Accounts Payable	12,809
Due to District	31,483
Accrued Salaries and Benefits	242,587
Unearned Revenues	2,400
Accrued Interest Payable	260,233
Noncurrent Liabilities	
Due Within One Year	225,000
Due in More Than One Year	10,025,000
Net Pension Liability	4,643,620
Net OPEB Liability	224,659
Total Liabilities	15,667,791
Deferred Inflows of Resources	
Pensions, <i>Net of Accumulated Amortization</i>	2,041,351
OPEB, <i>Net of Accumulated Amortization</i>	84,688
Total Deferred Inflows of Resources	2,126,039
Net Position	
Net Investment in Capital Assets	1,647,055
Restricted for:	
Debt Service	1,025,615
Building Repair and Replacement	100,030
Emergencies	188,565
Unrestricted	(1,262,850)
Total Net Position	\$ 1,698,415

See Notes to the Financial Statements.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government					
<i>Governmental Activities</i>					
Instruction	\$ 883,963	\$ 270,593	\$ 412,053	\$ -	\$ (201,317)
Supporting Services	2,628,988	31,608	35,631	143,506	(2,418,243)
Interest on Long-Term Debt	518,249	-	-	-	(518,249)
Total Governmental Activities	<u>\$ 4,031,200</u>	<u>\$ 302,201</u>	<u>\$ 447,684</u>	<u>\$ 143,506</u>	<u>(3,137,809)</u>
General Revenues					
Per Pupil Revenue					4,434,887
Additional At-Risk Funding					8,052
District Mill Levy					860,725
Grants and Contributions not Restricted to Specific Programs					178,951
Investment Income					660
Other					<u>53,347</u>
Total General Revenues					<u>5,536,622</u>
Change in Net Position					2,398,813
Net Position, Beginning of year					<u>(700,398)</u>
Net Position, End of year					<u>\$ 1,698,415</u>

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Balance Sheet
Governmental Funds
June 30, 2022

	General	Building	Total
Assets			
Cash	\$ 3,234,940	\$ -	\$ 3,234,940
Restricted Cash and Investments	-	1,385,878	1,385,878
Accounts Receivable	105,152	-	105,152
Due from District	195,012	-	195,012
Prepaid Expenditures	43,450	-	43,450
Total Assets	\$ 3,578,554	\$ 1,385,878	\$ 4,964,432
Liabilities and Fund Balance			
<i>Liabilities</i>			
Accounts Payable	\$ 12,809	\$ -	\$ 12,809
Due to District	31,483	-	31,483
Accrued Salaries and Benefits	242,587	-	242,587
Unearned Revenues	2,400	-	2,400
Total Liabilities	289,279	-	289,279
<i>Fund Balance</i>			
Nonspendable Prepaid Expenditures	43,450	-	43,450
Restricted:			
Emergencies	188,565	-	188,565
Debt Service	-	1,285,848	1,285,848
Building Repairs and Replacements	-	100,030	100,030
Unrestricted, Unassigned	3,057,260	-	3,057,260
Total Fund Balance	3,289,275	1,385,878	4,675,153
Total Liabilities and Fund Balance	\$ 3,578,554	\$ 1,385,878	\$ 4,964,432

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

Total Fund Balance of the Governmental Funds	\$ 4,675,153
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	11,897,055
Long-term liabilities and related items are not due and payable in the current year and therefore are not reported in governmental funds.	
Accrued Interest Payable	(260,233)
Long-Term Debt	(10,250,000)
Long-term liabilities and related items are not due and payable in the current year, and therefore, are not reported in governmental funds:	
Net pension liability	(4,643,620)
Pension-related deferred outflows of resources	2,560,834
Pension-related deferred inflows of resources	(2,041,351)
Net OPEB liability	(224,659)
OPEB-related deferred outflows of resources	69,924
OPEB-related deferred inflows of resources	(84,688)
Total Net Position of Governmental Activities	\$ 1,698,415

Aspen Ridge School, Inc.
 (A Component Unit of St. Vrain Valley School District RE-1J)
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2022

	<u>General</u>	<u>Building</u>	<u>Total</u>
Revenues			
Local Sources	\$ 5,811,841	\$ 759,605	\$ 6,571,446
State Sources	267,978	-	267,978
Federal Sources	260,843	-	260,843
	<u>6,340,662</u>	<u>759,605</u>	<u>7,100,267</u>
Total Revenues			
Expenditures			
Instruction	2,977,892	-	2,977,892
Supporting Services	2,640,115	12	2,640,127
Debt Service			
Principal	-	215,000	215,000
Interest	-	522,580	522,580
	<u>5,618,007</u>	<u>737,592</u>	<u>6,355,599</u>
Total Expenditures			
Net Change in Fund Balance	722,655	22,013	744,668
Fund Balance, Beginning of year	<u>2,566,620</u>	<u>1,363,865</u>	<u>3,930,485</u>
Fund Balance, End of year	<u>\$ 3,289,275</u>	<u>\$ 1,385,878</u>	<u>\$ 4,675,153</u>

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

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

Net Change in Fund Balance of the Governmental Funds	\$	744,668
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital Outlay		137,083
Capital Disposals		-
Depreciation		(461,817)
<p>Repayment of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities</p>		
Bond Payments		215,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:</p>		
Net pension liability		1,503,713
Pension-related deferred outflows of resources		(324,031)
Pension-related deferred inflows of resources		576,495
Net OPEB liability		(1,308)
OPEB-related deferred outflows of resources		10,382
OPEB-related deferred inflows of resources		(5,703)
Accrued Interest Payable		4,331
		4,331
Change in Net Position of Governmental Activities	\$	2,398,813

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies

Aspen Ridge School, Inc., dba Aspen Ridge Preparatory School (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within St. Vrain Valley School District RE-1J (the District). The School began operations in the Fall of 2011.

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

Reporting Entity

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

Based upon the application of this criteria, the School includes the Aspen Ridge Preparatory School, Inc. (the Building Corporation) in its reporting entity. The Building Corporation was organized to establish and operate a not-for-profit charter school and has purchased and constructed educational facilities that are leased solely to the School. The Building Corporation is blended into the School's financial statements as a Special Revenue Fund and does not issue separate financial statements.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

In the fund financial statements, the School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities except those accounted for in another fund.

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

Assets, Liabilities and Net Position/Fund Balance

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

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

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

Capital assets are depreciated using the straight-line method over the estimated useful lives, as follows:

Buildings	30 years
Equipment	5 - 30 years

Accrued Salaries and Benefits - Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

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

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

OPEB - The 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 (FNP), and additions to/deductions from the FNP of the HCTF's have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Risk Management

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

Subsequent Events

The School has evaluated subsequent events through October 28, 2022, the date the financial statements were available to be issued.

Note 2: Cash and Investments

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

Deposits	\$ 3,234,349
Investments	1,385,878
Cash on Hand	<u>591</u>
Total	<u>\$ 4,620,818</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2022, the School had deposits with financial institutions with a carrying amount of \$3,234,349 and bank balances totaling \$3,264,342. Of these bank deposit balances, \$250,000 was covered by federal depository insurance and \$3,014,342 was covered by collateral held by authorized escrow agents in the financial institution name but not in the School's name.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 2: Cash and Investments (Continued)

Investments

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

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

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At June 30, 2022, the Building Corporation's investment of \$1,385,878 in the Fidelity Government Portfolio Money Market Fund was rated AAAM by Standard and Poor's.

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

Fair Value Measurements - The money market fund is measured at the net asset value per share, with each share valued at \$1.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
 Notes to Financial Statements
 June 30, 2022

Note 3: Capital Assets

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

Governmental Activities	Balance 6/30/21	Additions	Deletions	Balance 6/30/22
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 682,150	\$ -	\$ -	\$ 682,150
Total Capital Assets, Not Being Depreciated	682,150	-	-	682,150
<i>Capital Assets, Being Depreciated</i>				
Buildings	13,581,024	-	-	13,581,024
Equipment	77,825	137,083	-	214,908
Total Capital Assets, Being Depreciated	13,658,849	137,083	-	13,795,932
<i>Less Accumulated Depreciation</i>				
Buildings	(2,100,701)	(453,680)	-	(2,554,381)
Equipment	(18,509)	(8,137)	-	(26,646)
Total Accumulated Depreciation	(2,119,210)	(461,817)	-	(2,581,027)
Total Capital Assets, Being Depreciated, net	11,539,639	(324,734)	-	11,214,905
Governmental Activities Capital Assets, net	\$ 12,221,789	\$ (324,734)	\$ -	\$ 11,897,055

Depreciation expense was charged to the supporting services program of the School.

Note 4: Long-Term Debt

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

Governmental Activities	Balance 6/30/21	Additions	Payments	Balance 6/30/22	Due Within One Year
2015 Loan	\$ 10,465,000	\$ -	\$ (215,000)	\$ 10,250,000	\$ 225,000

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 4: Long-Term Debt (Continued)

In June 2015, the Colorado Educational and Cultural Facilities Authority issued \$11,235,000 Charter School Revenue Bonds, Series 2015A and 2015B. Bond proceeds were loaned to the Building Corporation to purchase and construct the School's education facilities. The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. Interest accrues on the bonds at rates ranging from 4.125% to 5.25% and is payable semi-annually on January 1 and July 1. Principal payments are due annually on July 1, through 2047.

Annual debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,000	511,391	736,391
2024	230,000	502,006	732,006
2025	240,000	492,313	732,313
2026	250,000	482,206	732,206
2027	260,000	471,688	731,688
2028-2032	1,500,000	2,151,625	3,651,625
2033-2037	1,915,000	1,726,500	3,641,500
2038-2042	2,460,000	1,168,125	3,628,125
2043-2047	<u>3,170,000</u>	<u>433,125</u>	<u>3,603,125</u>
Total	<u>\$ 10,250,000</u>	<u>\$ 7,938,979</u>	<u>\$ 18,188,979</u>

Note 5: Defined Benefit Pension Plan

General Information

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

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

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

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

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$505,365, 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.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

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

At June 30, 2022, the School reported a liability of \$4,643,620, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of net pension liability	\$ 5,175,952
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	<u>(532,332)</u>
Proportionate share of the net pension liability	<u>\$ 4,643,620</u>

At December 31, 2021, the School's proportion was 0.0399026706%, which was a decrease of 0.0007597184% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the School recognized pension benefit of \$1,275,692 and revenue of 127,254 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,778	\$ -
Changes of assumptions and other inputs	354,506	-
Net difference between projected and actual earnings on plan investments	-	1,745,863
Changes in proportion	1,712,079	295,488
Contributions subsequent to the measurement date	<u>316,471</u>	<u>-</u>
Total	<u>\$ 2,560,834</u>	<u>\$ 2,041,351</u>

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

\$316,471 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (328,580)
2024	1,174,340
2025	(430,836)
2026	<u>(211,912)</u>
Total	<u>\$ 203,012</u>

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

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by AIR

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

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

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

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

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

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

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

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

Aspen Ridge School, Inc.
 (A Component Unit of St. Vrain Valley School District RE-1J)
 Notes to Financial Statements
 June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

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

Discount rate - The discount rate used to measure the 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.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

Aspen Ridge School, Inc.
 (A Component Unit of St. Vrain Valley School District RE-1J)
 Notes to Financial Statements
 June 30, 2022

Note 5: Defined Benefit Pension Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net Pension liability	\$ 6,835,029	\$ 4,643,620	\$ 2,814,971

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

Note 6: Postemployment Healthcare Benefits

General Information

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 the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits

General Information (Continued)

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

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

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

PERA Benefit Structure -

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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

DPS Benefit Structure -

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School was \$25,929, for the year ended June 30, 2022.

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

At June 30, 2022, the School reported a liability of \$224,659, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2021, relative to the contributions of all participating employers to the HCTF. At December 31, 2021, the School's proportion was 0.0260533613%, which was an increase of 0.0025482757% from its proportion measured at December 31, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$16,135. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341	\$ 53,271
Changes of assumptions and other inputs	4,654	12,187
Net difference between projected and actual earnings on plan investments	-	13,906
Changes in proportion	48,769	5,324
Contributions subsequent to the measurement date	16,160	-
Total	<u>\$ 69,924</u>	<u>\$ 84,688</u>

\$16,160 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (3,579)
2024	(13,036)
2025	(14,388)
2026	(2,180)
2027	2,264
Thereafter	<u>(5)</u>
Total	<u>\$ (30,924)</u>

Aspen Ridge School, Inc.
 (A Component Unit of St. Vrain Valley School District RE-1J)
 Notes to Financial Statements
 June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

Actuarial assumptions - The total OPEB 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	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.50% for 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums:	
3.75% for 2021, gradually increasing to 4.50% in 2029	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

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

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

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$663, Monthly Premium of \$230, Monthly Costs Adjusted to Age 65 of \$591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$596, Monthly Premium of \$199, Monthly Costs Adjusted to Age 65 of \$562.

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

Aspen Ridge School, Inc.
 (A Component Unit of St. Vrain Valley School District RE-1J)
 Notes to Financial Statements
 June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

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

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

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

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 5).

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

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

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 260,918	\$ 224,659	\$ 193,688

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 218,208	\$ 224,659	\$ 232,133

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Financial Statements
June 30, 2022

Note 7: Commitments and Contingencies

Claims and Judgments

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

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2022, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$188,565.

Current Economic Conditions

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

Required Supplementary Information

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2022

	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>
Proportionate Share of the Net Pension Liability				
School's Proportion of the Net Pension Liability	0.0399026706%	0.0406623890%	0.0328467047%	0.0342077778%
School's Proportionate Share of the Net Pension Liability	\$ 4,643,620	\$ 6,147,333	\$ 4,907,226	\$ 6,057,190
State's Proportionate Share of the Net Pension Liability	<u>532,332</u>	<u>-</u>	<u>622,415</u>	<u>828,237</u>
Total Proportionate Share of the Net Pension Liability	\$ 5,175,952	\$ 6,147,333	\$ 5,529,641	\$ 6,885,427
School's Covered-Employee Payroll	\$ 2,493,785	\$ 2,173,624	\$ 1,929,634	\$ 1,880,585
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	208%	283%	287%	366%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75%	67%	65%	57%
	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>
School Contributions				
Statutorily Required Contribution	\$ 505,365	\$ 469,663	\$ 399,165	\$ 351,661
Contributions in Relation to the Statutorily Required Contribution	<u>(505,365)</u>	<u>(469,663)</u>	<u>(399,165)</u>	<u>(351,661)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School's Covered-Employee Payroll	\$ 2,542,077	\$ 2,362,478	\$ 2,059,671	\$ 1,838,267
Contributions as a Percentage of Covered-Employee Payroll	19.88%	19.88%	19.38%	19.13%

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

(Continued)

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2022
(Continued)

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0364648693%	0.0295498945%	0.0242852847%	0.0180704381%	0.0141738138%
School's Proportionate Share of the Net Pension Liability	\$ 11,791,443	\$ 8,798,164	\$ 3,714,272	\$ 2,449,151	\$ 1,807,866
State's Proportionate Share of the Net Pension Liability	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability	\$ 11,791,443	\$ 8,798,164	\$ 3,714,272	\$ 2,449,151	\$ 1,807,866
School's Covered-Employee Payroll	\$ 1,682,081	\$ 1,453,520	\$ 1,058,347	\$ 835,087	\$ 565,234
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	701%	605%	351%	293%	320%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%
School Contributions					
Statutorily Required Contribution	\$ 355,268	\$ 282,142	\$ 227,709	\$ 162,147	\$ 118,577
Contributions in Relation to the Statutorily Required Contribution	(355,268)	(282,142)	(227,709)	(162,147)	(118,577)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's Covered-Employee Payroll	\$ 1,881,255	\$ 1,453,520	\$ 1,213,398	\$ 953,806	\$ 718,649
Contributions as a Percentage of Covered-Employee Payroll	18.88%	19.41%	18.77%	17.00%	16.50%

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

Aspen Ridge School, Inc.
(A Component Unit St. Vrain Valley School District RE-1J)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2022

	<u>12/31/20</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net OPEB Liability					
School's Proportion of the Net OPEB Liability	0.0260533613%	0.0235050856%	0.0214604636%	0.0222352427%	0.0207192003%
School's Proportionate Share of the Net OPEB Liability	\$ 224,659	\$ 223,351	\$ 241,215	\$ 302,520	\$ 269,267
School's Covered Payroll	\$ 2,493,785	\$ 2,173,624	\$ 1,929,634	\$ 1,880,585	\$ 1,682,081
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	10%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	33%	24%	17%	18%
School Contributions					
Statorily Required Contribution	\$ 25,929	\$ 24,097	\$ 21,009	\$ 18,750	\$ 19,189
Contributions in Relation to the Statorily Required Contribution	<u>(25,929)</u>	<u>(24,097)</u>	<u>(21,009)</u>	<u>(18,750)</u>	<u>(19,189)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 2,542,077	\$ 2,362,478	\$ 2,059,671	\$ 1,838,267	\$ 1,881,255
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
<i>Local Sources</i>				
Per Pupil Revenue	\$ 4,188,725	\$ 4,397,296	\$ 4,434,887	\$ 37,591
District Mill Levy	808,646	836,544	860,725	24,181
Tuition and Fees	227,185	273,060	302,201	29,141
Student Activities	-	10,500	-	(10,500)
Contributions	41,500	112,000	178,951	66,951
Investment Earnings	1,200	120	250	130
Other	14,000	28,125	34,827	6,702
<i>State Sources</i>				
Additional At-Risk Funding	296	480	8,052	7,572
Capital Construction	143,664	144,584	143,506	(1,078)
Grants	74,145	75,125	116,420	41,295
<i>Federal Sources</i>				
Grants	354,994	165,527	260,843	95,316
Total Revenues	<u>\$ 5,854,355</u>	<u>\$ 6,043,361</u>	<u>\$ 6,340,662</u>	<u>\$ 297,301</u>
Expenditures				
Salaries	2,315,886	2,730,115	2,583,848	146,267
Benefits	738,972	965,375	928,432	36,943
Purchased Services	1,280,203	1,505,664	1,453,589	52,075
Supplies and Materials	109,500	476,476	418,573	57,903
Property	50,500	303,000	179,099	123,901
Other	39,172	62,730	54,466	8,264
Contingency	43,000	-	-	-
Total Expenditures	<u>\$ 4,577,233</u>	<u>\$ 6,043,360</u>	<u>\$ 5,618,007</u>	<u>\$ 425,353</u>
Net Change in Fund Balance	1,277,122	1	722,655	722,654
Fund Balance, Beginning of year	<u>2,504,065</u>	<u>2,061,972</u>	<u>2,566,620</u>	<u>504,648</u>
Fund Balance, End of year	<u><u>3,781,187</u></u>	<u><u>\$ 2,061,973</u></u>	<u><u>\$ 3,289,275</u></u>	<u><u>\$ 1,227,302</u></u>

Aspen Ridge School, Inc.
(A Component Unit of St. Vrain Valley School District RE-1J)
Notes to Required Supplementary Information
June 30, 2022

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

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

Changes in Assumptions and Other Inputs

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

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

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.

The Board of Directors does not adopt a budget for the Building Fund, which may be a violation of State statutes.