

NEW VISION CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2022

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JOHN CUTLER & ASSOCIATES

Board of Directors
New Vision Charter School
Loveland, Colorado

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of New Vision Charter School (the "School"), a component unit of Thompson School District R2-J, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of New Vision Charter School as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 required budgetary and pension information on pages 43-47 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 (GASB) 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.

John Luthr & Associates, LLC

December 12, 2022

New Vision Charter School
An authorized charter school of Thompson School District
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2022

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

Financial Highlights

The year ended June 30, 2022 was the sixteenth year of operations for NVCS. The general fund balance for fiscal year ending June 30, 2022 is \$5,164,877. The net position for the Building Corporation is \$(3,475,879).

The operations of NVCS 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 \$8,181,336.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to NVCS'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 NVCS's finances in a manner similar to a private-sector business.

The statement of net position presents information on all NVCS's assets and liabilities, with the difference between the two 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 NVCS is improving or deteriorating. The statement of activities presents information showing how NVCS'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).

The government-wide statement of activities distinguishes functions/programs of NVCS that are primarily supported by the per pupil revenue passed from the Thompson School District. These activities include instruction and supporting services expense.

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. NVCS 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, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Both the balance sheet and the statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities, where necessary.

The NVCS Building Corporation is considered a component unit of NVCS has one fund, an enterprise fund, and is presented with a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows.

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 NVCS's financial position. For the year ended June 30, 2022, NVCS's governmental activities liabilities exceeded assets by \$4,349,691. Of NVCS's net position, (\$888,170) is unrestricted and is available to meet NVCS's ongoing financial obligations \$296,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Net Position	2021-22	2020-21
Assets		
Cash	5,261,611	3,723,262
Restricted Cash and Investments	10,449,410	1,188,655
Accounts Receivable	279,036	120,726
Prepaid Expenses	390,000	405,000
Capital Assets, Not being Depreciated	4,339,513	1,659,419
Capital Assets, Net of Accumulated Depreciation	<u>18,010,343</u>	<u>18,428,029</u>
Total Assets	<u>38,729,913</u>	<u>25,525,091</u>
Deferred Outflows of Resources		
Deferred to Pensions	3,295,424	5,083,289
Deferred OPEB	<u>157,093</u>	<u>140,582</u>
Total Deferred Outflows of Resources	<u>3,452,517</u>	<u>5,223,871</u>
Liabilities		
Accounts Payable	122,373	60,786
Retainage Payable		
Accrued Salaries and Benefits	253,397	265,019
Unearned Revenue		
Accrued Interest Payable	108,358	53,164
Non Current Liabilities		
Due in One Year		
Due in More than One Year	36,556,787	23,575,000
Pension Liability	6,584,526	8,172,184
OPEB Liability	<u>318,561</u>	<u>296,820</u>
Total Liabilities	<u>43,944,002</u>	<u>32,522,973</u>

Deferred Inflows of Resources		
Related to Pensions	2,475,585	3,614,745
Related to OPEB	<u>112,534</u>	<u>104,682</u>
Total Deferred Inflows of Resources	2,588,119	3,719,427

Total Net Position		
Net Investment in Capital Assets	(14,206,931)	(3,587,552)
Restricted for Debt Service	10,449,410	1,188,655
Restricted for Emergencies	296,000	260,000
Unrestricted	<u>(888,170)</u>	<u>(3,354,541)</u>
Total Net Position	<u>(4,349,691)</u>	<u>(5,493,438)</u>

Changes in Net Position

Revenues		
Per Pupil Revenue	8,181,336	6,732,173
Mill Levy Override	1,443,118	1,351,333
Tuition and Fees	99,726	43,247
Gifts and Contributions	40,856	10,992
Operating and Capital Grants and Contributions	1,154,966	1,030,775
Investment Earnings	113,506	12,415
Other	<u>590,466</u>	<u>874,483</u>
Total Revenue	<u>11,623,974</u>	<u>10,055,418</u>
Expenses		
Instruction	6,855,084	3,829,289
Support Services	2,176,491	2,761,602
Interest on Long Term Debt	1,448,652	1,275,906
Total Expenses	<u>10,480,227</u>	<u>7,866,797</u>
Increase/(Decrease) in Net Position	1,143,747	2,188,621
Net Position, Beginning	<u>(5,493,438)</u>	<u>(7,682,059)</u>
Net Position, Ending	<u>(4,349,691)</u>	<u>(5,493,438)</u>

Analysis of the Funds

Governmental Fund

The focus of New Vision Charter School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NVCS's financing requirements. In particular, unassigned fund balance may serve as a useful measure of NVCS's net resources available to spend at the end of the fiscal year. As of the end of the current fiscal year NVCS's general fund reported an ending fund balance of \$5,164,877, an increase of \$1,646,694.

Proprietary Fund

The NVCS Building Corporation's net position decreased \$(1,428,818). The decrease occurred because of depreciation and lease expense, both non-cash expenses. We anticipate the deficit will be eliminated as debt is repaid in future years.

General Fund Budgetary Highlights

NVCS budgeted for General Fund revenues of \$11,065,496 for the year ended June 30, 2022. Actual revenues were \$11,435,064. NVCS budgeted for General Fund expenditures of \$9,909,618 for the year ended June 30, 2022. Actual expenditures were \$9,788,370. These changes reflected an increase in the net position of \$1,646,694.

Capital Asset and Debt Administration

Capital assets

The School's investment in capital assets net of accumulated depreciation as of June 30, 2022, amounts to \$4,339,513 in land and construction in progress, and \$18,010,343 in building and building improvements. The detail of capital assets is in Note 4 of the financial statements.

Long-term debt

As of June 30, 2022, NVCS and the Building Corporation had no debt due within one year and total outstanding long-term debt of \$36,556,787. This is described in Note 6 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for NVCS is student enrollment. Funded enrollment for the 2021-22 school year was 960. The enrollment projected for the 2022-23 school year is expected to be 997. This factor was considered in preparing NVCS's budget for 2022-23.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, New Vision Charter School, 299 Peridot Avenue, Loveland, CO 80537, phone 970-593-6827.

BASIC FINANCIAL STATEMENTS

NEW VISION CHARTER SCHOOL

STATEMENT OF NET POSITION

June 30, 2022

	GOVERNMENTAL ACTIVITIES	
	2022	2021
ASSETS		
Cash and Investments	\$ 5,261,611	\$ 3,723,262
Restricted Cash and Investments	10,449,410	1,188,655
Accounts Receivable	279,036	120,726
Prepaid Expenses	390,000	405,000
Capital Assets, Not Being Depreciated	4,339,513	1,659,419
Capital Assets, Depreciated, Net of Accumulated Depreciation	18,010,343	18,428,029
TOTAL ASSETS	38,729,913	25,525,091
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	3,295,424	5,083,289
Related to OPEB	157,093	140,582
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,452,517	5,223,871
LIABILITIES		
Accounts Payable	122,373	60,786
Accrued Salaries and Benefits	253,397	265,019
Accrued Interest Payable	108,358	53,164
Noncurrent Liabilities		
Due Within One Year	-	-
Due in More Than One Year	36,556,787	23,675,000
Pension Liability	6,584,526	8,172,184
OPEB Liability	318,561	296,820
TOTAL LIABILITIES	43,944,002	32,522,973
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	2,475,585	3,614,745
Related to OPEB	112,534	104,682
TOTAL DEFERRED INFLOWS OF RESOURCES	2,588,119	3,719,427
NET POSITION		
Net Investment in Capital Assets	(14,206,931)	(3,587,552)
Restricted for Emergencies	296,000	260,000
Restricted for Debt Service	10,449,410	1,188,655
Unrestricted	(888,170)	(3,354,541)
TOTAL NET POSITION	\$ (4,349,691)	\$ (5,493,438)

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

NEW VISION CHARTER SCHOOL

STATEMENT OF ACTIVITIES

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	Governmental Activities	
					2022	2021
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	\$ 6,855,084	\$ 99,726	\$ -	\$ -	\$ (6,755,358)	\$ (3,364,902)
Supporting Services	2,176,491	-	936,202	259,620	(980,669)	(2,140,975)
Interest and Fiscal Charges	1,448,652	-	-	-	(1,448,652)	(1,275,906)
Total Governmental Activities	<u>\$10,480,227</u>	<u>\$ 99,726</u>	<u>\$ 936,202</u>	<u>\$ 259,620</u>	<u>(9,184,679)</u>	<u>(6,781,783)</u>
GENERAL REVENUES						
Per Pupil Revenue					8,181,336	6,732,173
Mill Levy Override					1,443,118	1,351,333
Investment Earnings					113,506	12,415
Unrestricted State Aid					161,884	-
Other					428,582	136,153
SPECIAL ITEM						
Forgiveness of Debt					-	738,330
TOTAL GENERAL REVENUES					<u>10,328,426</u>	<u>8,970,404</u>
CHANGE IN NET POSITION					1,143,747	2,188,621
NET POSITION, Beginning					<u>(5,493,438)</u>	<u>(7,682,059)</u>
NET POSITION, Ending					<u>\$ (4,349,691)</u>	<u>\$ (5,493,438)</u>

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

NEW VISION CHARTER SCHOOL

BALANCE SHEET
ALL GOVERNMENTAL FUNDS
June 30, 2022

GENERAL FUND

	<u>TOTALS</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 5,261,611	\$ 3,723,262
Accounts Receivable	<u>279,036</u>	<u>120,726</u>
TOTAL ASSETS	<u><u>\$ 5,540,647</u></u>	<u><u>\$ 3,843,988</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 122,373	\$ 60,786
Accrued Salaries and Benefits	<u>253,397</u>	<u>265,019</u>
TOTAL LIABILITIES	<u>375,770</u>	<u>325,805</u>
FUND BALANCES		
Restricted for Emergencies	296,000	260,000
Unassigned	<u>4,868,877</u>	<u>3,258,183</u>
TOTAL FUND BALANCES	5,164,877	3,518,183
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities and related assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$6,584,526), net OPEB liability (\$318,561) deferred outflows related to pensions and OPEB \$3,452,517, deferred inflows related to pensions and OPEB (\$2,588,119).	(6,038,689)	(6,964,560)
Internal service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	<u>(3,475,879)</u>	<u>(2,047,061)</u>
Net position of governmental activities	<u><u>\$ (4,349,691)</u></u>	<u><u>\$ (5,493,438)</u></u>

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

NEW VISION CHARTER SCHOOL

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

GENERAL FUND

	TOTALS	
	<u>2022</u>	<u>2021</u>
REVENUES		
Local Sources	\$ 10,280,098	\$ 8,276,364
State and Federal Sources	<u>1,154,966</u>	<u>1,030,775</u>
TOTAL REVENUES	<u>11,435,064</u>	<u>9,307,139</u>
EXPENDITURES		
Instruction	7,350,291	4,276,676
Supporting Services	<u>2,438,079</u>	<u>3,836,015</u>
TOTAL EXPENDITURES	<u>9,788,370</u>	<u>8,112,691</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,646,694</u>	<u>1,194,448</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	<u>-</u>	<u>(107,035)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(107,035)</u>
NET CHANGE IN FUND BALANCES	1,646,694	1,087,413
FUND BALANCES, Beginning	<u>3,518,183</u>	<u>2,430,770</u>
FUND BALANCES, Ending	<u>\$ 5,164,877</u>	<u>\$ 3,518,183</u>

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

NEW VISION CHARTER SCHOOL

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

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

Net change in fund balances - total governmental funds	\$ 1,646,694
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.	(1,428,818)
Deferred Charges related to pensions are not recognized in the governmental funds. However, in the government-wide statements these amounts are capitalized and amortized.	<u>925,871</u>
Change in net position of governmental activities	<u>\$ 1,143,747</u>

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

NEW VISION CHARTER SCHOOL

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE

June 30, 2022

	GOVERNMENTAL ACTIVITIES	
	Internal Service Fund	
	2022	2021
ASSETS		
Current Assets		
Restricted Cash and Investments	\$ 10,449,410	\$ 1,188,655
Prepaid Expenses	390,000	405,000
Total Current Assets	10,839,410	1,593,655
Long-term Assets		
Capital Assets, Net of Accumulated Depreciation	22,349,856	20,087,448
Total Long-term Assets	22,349,856	20,087,448
TOTAL ASSETS	33,189,266	21,681,103
LIABILITIES		
Current Liabilities		
Accrued Interest Payable	108,358	53,164
Total Current Liabilities	108,358	53,164
Long-Term Liabilities		
Bonds Payable	36,556,787	23,675,000
TOTAL LIABILITIES	36,665,145	23,728,164
NET POSITION		
Net Investment in Capital Assets	(3,962,422)	(2,981,253)
Restricted for Debt Service	486,543	791,439
Restricted for Repair and Replacement	-	142,753
TOTAL NET POSITION	\$ (3,475,879)	\$ (2,047,061)

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

NEW VISION CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
Year Ended June 30, 2022

	GOVERNMENTAL ACTIVITIES	
	Internal Service Fund	
	2022	2021
OPERATING REVENUES		
Rent	\$ 1,098,580	\$ 1,217,651
Investment Income	27,026	9,949
TOTAL OPERATING REVENUES	1,125,606	1,227,600
OPERATING EXPENSES		
Purchased Services	22,232	15,254
Bond Issuance Costs	610,659	-
Depreciation	417,686	417,686
Other	55,195	-
TOTAL OPERATING EXPENSES	1,105,772	432,940
OPERATING INCOME	19,834	794,660
NON-OPERATING INCOME/(EXPENSES)		
Interest Expense	(1,448,652)	(1,275,906)
TOTAL NON-OPERATING EXPENSES	(1,448,652)	(1,275,906)
NET INCOME (LOSS) BEFORE TRANSFERS	(1,428,818)	(481,246)
Capital Transfer In(Out)	-	107,035
CHANGE IN NET POSITION	(1,428,818)	(374,211)
NET POSITION, Beginning	(2,047,061)	(1,672,850)
NET POSITION, Ending	\$ (3,475,879)	\$ (2,047,061)

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

NEW VISION CHARTER SCHOOL

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2022
 Increase (Decrease) in Cash

	GOVERNMENTAL ACTIVITIES	
	Internal Service Fund	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Operations and Other	\$ 1,113,580	\$ 1,232,651
Cash Paid to Suppliers and Vendors	(688,086)	(15,254)
Investment Income	27,026	9,949
Net Cash Provided (Used) by Operating Activities	<u>452,520</u>	<u>1,227,346</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Expense	(1,393,458)	(1,275,904)
Principal Payments on Loan	(23,675,000)	-
Loan Proceeds	36,556,787	-
Purchase of Capital Assets	(2,680,094)	-
Net Cash Provided (Used) by Financing Activities	<u>8,808,235</u>	<u>(1,275,904)</u>
NET INCREASE (DECREASE) IN CASH	9,260,755	(48,558)
CASH, Beginning	<u>1,188,655</u>	<u>1,237,213</u>
CASH, Ending	<u>\$ 10,449,410</u>	<u>\$ 1,188,655</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 19,834</u>	<u>\$ 794,660</u>
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities		
Depreciation Expense	417,686	417,686
Changes in Assets and Liabilities		
Prepaid Expenses	<u>15,000</u>	<u>15,000</u>
Total Adjustments	<u>432,686</u>	<u>432,686</u>
Net Cash (Used) by Operating Activities	<u>\$ 452,520</u>	<u>\$ 1,227,346</u>

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Vision Charter School (the “School”) was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school. The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any 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 provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, the following organization is included in the School’s reporting entity.

NVCS Building Corporation and Denver Avenue NVCS Building Corp.

The purpose of the NVCS Building Corporation was to provide a mechanism to issue and pay debt on behalf of the School in 2008 to 2021. The purpose of the Denver Avenue NVCS Building Corp. is to provide the mechanism to issue and pay debt on behalf of the School from 2018 onward. Both Building Corporations are considered to be part of the School’s for financial reporting purposes because their resources are entirely for the direct benefit of the School and are blended into the School’s financial statements as an internal service fund. As part of their ongoing responsibilities, both Building Corporations provides the School with monthly financial statements. Separate financial statements are not available.

The School is a component unit of the Thompson School District R2-J, Colorado.

Government-Wide and Fund Financial Statements

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

NEW VISION CHARTER SCHOOL
NOTES TO THE 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 intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The School reports the following major governmental funds:

General Fund – This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the School reports the following fund types:

The *Internal Service Fund* is used to account for activity of both Building Corporations.

Deferred Outflows/Inflows of Resources

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

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

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

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvement 50 years, land, vehicles and equipment 5 years.

Long Term Obligations - In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Compensated Absences – Employees of the School are allowed to earn paid time off (PTO). However, employees are not paid for the accrued compensated absences upon termination of employment. Therefore, no liability has been reported in the financial statements.

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

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The School does not report any resources as nonspendable as of June 30, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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. Settled claims have not exceeded any coverages in the last three years.

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

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3: CASH AND INVESTMENTS

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

Petty Cash	\$ 200
Deposits	5,261,411
Investments	<u>10,449,410</u>
Total	<u>\$ 15,711,021</u>

Deposits

Custodial Credit Risk – Deposits

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

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the School had deposits with financial institutions with a carrying amount of \$5,261,411. The bank balances with the financial institutions were \$5,351,067. Of these balances \$250,000 were covered by federal depository insurance and \$5,101,067 were covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

Credit Risk

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Investments (Continued)

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. As of June 30, 2022, the School held no investments requiring categorization.

Local Government Investment Pool

The School had invested \$10,449,410 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The School has no policy for managing credit risk or interest rate risk.

Restricted Cash

Cash in the amount of \$10,449,410 is restricted for capital projects and debt service in the Internal Service Fund.

NOTE 4: CAPITAL ASSETS

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

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 1,659,419	\$ -	\$ -	\$ 1,659,419
Construction in Progress	<u>-</u>	<u>2,680,094</u>	<u>-</u>	<u>2,680,094</u>
Total Capital Assets, Not Depreciated	<u>1,659,419</u>	<u>2,680,094</u>	<u>-</u>	<u>4,339,513</u>
Capital Assets, Depreciated				
Buildings and Improvements	19,813,974	-	-	19,813,974
Equipment	<u>107,035</u>	<u>-</u>	<u>-</u>	<u>107,035</u>
Total Capital Assets, Depreciated	<u>19,921,009</u>	<u>-</u>	<u>-</u>	<u>19,921,009</u>
Accumulated Depreciation				
Buildings and Improvements	1,471,573	396,279	-	1,867,852
Equipment	<u>21,407</u>	<u>21,407</u>	<u>-</u>	<u>42,814</u>
Total Accumulated Depreciation	<u>1,492,980</u>	<u>417,686</u>	<u>-</u>	<u>1,910,666</u>
Net Capital Assets, Depreciated	<u>18,428,029</u>	<u>(417,686)</u>	<u>-</u>	<u>18,010,343</u>
Net Capital Assets	<u>\$ 20,087,448</u>	<u>\$ 2,262,408</u>	<u>\$ -</u>	<u>\$ 22,349,856</u>

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were \$269,625 in the General Fund.

NOTE 6: LONG-TERM DEBT

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

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2022</u>	Due In <u>One Year</u>
Bonds Payable					
Series 2018A	\$ 23,135,000	\$ -	\$ 23,135,000	\$ -	\$ -
Series 2018B	540,000	-	540,000	-	-
Refunding Series 2022A	-	32,225,000	-	32,225,000	-
Refunding Series 2022B	-	565,000	-	565,000	-
2022A Premium	-	3,766,787	-	3,766,787	-
	<u>\$ 23,675,000</u>	<u>\$ 36,556,787</u>	<u>\$ 23,675,000</u>	<u>\$ 36,556,787</u>	<u>\$ -</u>

Bonds Payable

In June 2018, the Colorado Educational and Facilities Authority (CECFA) issued \$23,135,000 Charter School Revenue Refunding Bonds, Series 2018A and \$540,000 Charter School Revenue Refunding Bonds, Series 2018B. Proceeds from the bonds were used to finance the acquisition of land and will be used to finance the construction of a new campus and also to retire the 2008 Bonds. The School is required to make lease payments to the Denver Avenue NVC Building Corp. for the use of the building. The Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 5.375% to 6% per year. Interest payments are due semi-annually on June 1 and December 1 and principal payments were due semi-annually on June 1 and December 1 from 2022 through 2025 at which time the balance of the bonds are due to be repaid. These bonds were paid in full with the 2022 refunding bonds.

In February 2022, the Colorado Educational and Facilities Authority (CECFA) issued \$32,225,000 Charter School Revenue Refunding Bonds, Series 2022A and \$565,000 Charter School Revenue Refunding Bonds, Series 2022B. Proceeds from the bonds were used used to finance the capital construction and also to retire the 2018 Bonds. The School is required to make lease payments to the Denver Avenue NVC Building Corp. for the use of the building. The Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate ranging from 4.00% for Series 2022A and 2.00% for Series 2022B per year. Interest payments are due annually on June 1.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 6: LONG-TERM DEBT (Continued)

Principal payments are due annually on June 1 beginning 2024 through 2056 at which time the balance of the bonds are due to be repaid.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,300,300	\$ 1,300,300
2024	505,000	1,300,300	1,805,300
2025	520,000	1,290,000	1,810,200
2026	535,000	1,270,600	1,805,600
2027	555,000	1,249,200	1,804,200
2028 – 2032	3,140,000	5,893,600	9,033,600
2033 – 2037	3,820,000	5,213,400	9,033,400
2038 – 2042	4,635,000	4,386,000	9,021,800
2043 – 2047	5,655,000	3,381,200	9,036,200
2048 – 2052	6,870,000	2,156,800	9,026,800
2053 - 2056	<u>6,555,000</u>	<u>668,200</u>	<u>7,223,200</u>
Total	<u>\$ 32,790,000</u>	<u>\$ 28,110,600</u>	<u>\$ 60,900,600</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the SCHD'TF—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 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan (Continued)

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients 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.

Contributions provisions as of June 30, 2022: Eligible employees of, 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.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan (Continued)

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 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 specified 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).

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 \$739,958 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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School's proportion of the net pension liability was based on the School 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 \$6,584,526 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the 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	\$6,584,526
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	677,200
Total	\$7,261,726

At December 31, 2021, the School proportion was 0.05658%, which was an increase of 0.00252% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension revenue of \$30,112 and special funding revenue of \$161,884 for support from the State as a nonemployer contributing entity.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$252,082	N/A
Changes of assumptions or other inputs	\$502,679	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	2,475,585
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$2,163,103	N/A
Contributions subsequent to the measurement date	\$377,560	N/A
Total	\$3,295,424	\$2,475,585

\$377,560 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2022:	
2023	\$1,201,513
2024	\$57,356
2025	(\$516,107)
2026	(\$300,483)

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

Actuarial assumptions. The TPL 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%- 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

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

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

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

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

- **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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

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

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

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

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

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

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

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:

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

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

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

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

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

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: *DEFINED BENEFIT PENSION PLAN*(Continued)

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

Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

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

Sensitivity of the School 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	\$9,691,884	\$6,584,526	\$3,991,552

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 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

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 have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the School are provided with OPEB through the 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, 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.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The 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 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20.

NEW VISION CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

General Information about the OPEB Plan (Continued)

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.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. 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 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% 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 were \$37,965 for the year ended June 30, 2022.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

At June 30, 2022, the School reported a liability of \$318,561 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.036943%, which was an increase of 0.00571% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized OPEB expense of \$51,047. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	\$485	\$75,535
Changes of assumptions or other inputs	\$6,595	\$17,280
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$19,719
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$130,642	N/A
Contributions subsequent to the measurement date	\$19,371	N/A
Total	\$157,093	\$112,534

\$19,371 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year 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:

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Year ended June 30, 2022:	
2023	\$7,824
2024	\$9,830
2025	\$4,883
2026	(\$1,929)
2026	\$4,554
2027	\$27

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

Actuarial assumptions. The TOL 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	

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

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

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

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

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for 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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

Post-retirement non-disabled 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.

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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(Continued)

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare 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 rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$308,305	\$318,561	\$329,159

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

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.

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.

NEW VISION CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

(Continued)

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

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%, 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$369,976	\$318,561	\$274,645

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.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant 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 tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2022, the reserve of \$296,000 was recorded as a reservation of fund balance in the General Fund.

NEW VISION CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease

In February 2008, the Building Corporation entered into a lease agreement with the Boys and Girls Club of Larimer County for the use of classroom and joint use space in an adjoining building. The Building Corporation prepaid \$435,000 for the space. For the year ended June 30, 2022, the Building Corporation recognized \$15,000 in lease expenses, resulting in a prepaid balance of \$390,000. In addition, the School is making monthly lease payments ranging from \$7,917 to \$8,786 through June 30, 2048.

Future minimum lease payments for the joint use space are as follows:

Year Ended	
<u>June 30</u>	
2023	\$ 97,871
2024	99,339
2025	99,339
2026	99,339
2027	99,339
Thereafter	<u>2,161,758</u>
Total	<u>\$ 2,656,985</u>

Total rent expense for the year ended June 30, 2022 for this lease was \$97,871.

NOTE 10: DEFICIT NET POSITION

The net position of the governmental activities is in a deficit position of \$4,341,935 due to the School including its Net Pension Liability per the requirements of GASB Statement No. 68 and its Net OPEB Liability per the requirements of GASB Statement No. 75.

The net position of the Internal Service Fund is in a deficit position of \$3,475,169. This deficit will be eliminated as the School pays down its debt.

NOTE 11: SUBSEQUENT EVENTS

Potential subsequent events were considered through December 12, 2022. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

NEW VISION CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2022

	2022			VARIANCE	2021 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Operating Revenue	\$ 7,662,810	\$ 8,178,068	\$ 8,181,336	\$ 3,268	\$ 6,732,173
Mill Levy Override	1,323,886	1,399,536	1,443,118	43,582	1,351,333
Tuition and Fees	63,500	83,666	99,726	16,060	43,247
Gifts and Contributions	15,100	14,600	40,856	26,256	10,992
Earnings on Investments	3,500	2,500	86,480	83,980	2,466
Other Revenue	29,000	604,405	428,582	(175,823)	136,153
State and Federal Sources					
Grants and Donations	786,841	782,721	1,154,966	372,245	1,030,775
TOTAL REVENUES	9,884,637	11,065,496	11,435,064	369,568	9,307,139
EXPENDITURES					
Current					
Salaries	3,925,810	3,975,500	3,769,191	206,309	3,411,413
Employee Benefits	1,491,808	1,510,690	1,446,829	63,861	1,241,315
Purchased Services	1,911,411	1,745,035	1,849,049	(104,014)	2,822,931
Supplies and Materials	293,824	514,139	853,939	(339,800)	466,013
Property	1,558,619	2,129,524	1,854,096	275,428	63,709
Other	310,800	34,730	15,266	19,464	107,310
TOTAL EXPENDITURES	9,492,272	9,909,618	9,788,370	121,248	8,112,691
EXCESS OF REVENUES OVER EXPENDITURES	392,365	1,155,878	1,646,694	490,816	1,194,448
OTHER FINANCING SOURCES (USES)					
Transfers In(Out)	-	-	-	-	(107,035)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(107,035)
NET CHANGE IN FUND BALANCES	392,365	1,155,878	1,646,694	490,816	1,087,413
FUND BALANCE, Beginning	3,518,183	3,518,183	3,518,183	-	2,430,770
FUND BALANCE, Ending	<u>\$ 3,910,548</u>	<u>\$ 4,674,061</u>	<u>\$ 5,164,877</u>	<u>\$ 490,816</u>	<u>\$ 3,518,183</u>

See the accompanying independent auditors' report.

NEW VISION CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
School's proportionate share of the Net Pension Liability	0.035%	0.033%	0.034%	0.033%	0.033%	0.031%	0.037%	0.054%	0.057%
School's proportionate share of the Net Pension Liability	\$ 4,467,222	\$ 4,452,707	\$ 5,190,747	\$ 9,850,505	\$ 10,780,140	\$ 5,465,194	\$ 5,518,084	\$ 8,172,184	\$ 6,584,526
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 747,289	\$ 886,493	\$ -	\$ 677,200
Total portion of the Net Pension Liability associated with the School	\$ 4,467,222	\$ 4,452,707	\$ 5,190,747	\$ 9,850,505	\$ 10,780,140	\$ 6,212,483	\$ 6,404,577	\$ 8,172,184	\$ 7,261,726
School's covered payroll	\$ 1,411,903	\$ 1,376,312	\$ 1,479,058	\$ 1,484,137	\$ 1,537,816	\$ 1,696,787	\$ 2,077,212	\$ 2,797,360	\$ 3,536,122
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	316.4%	323.5%	350.9%	663.7%	701.0%	366.1%	308.3%	292.1%	205.4%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%

See the accompanying independent auditors' report.

NEW VISION CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 238,323	\$ 254,260	\$ 280,722	\$ 293,610	\$ 300,957	\$ 341,919	\$ 506,084	\$ 646,126	\$ 739,958
Contributions in relation to the Statutorily required contributions	<u>238,323</u>	<u>254,260</u>	<u>280,722</u>	<u>293,610</u>	<u>300,957</u>	<u>341,919</u>	<u>506,084</u>	<u>646,126</u>	<u>739,958</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	\$ 1,522,831	\$ 1,415,336	\$ 1,497,164	\$ 1,513,347	\$ 1,593,527	\$ 1,787,346	\$ 2,611,361	\$ 3,250,126	\$ 3,722,118
Contributions as a percentage of covered payroll	15.65%	17.96%	18.75%	19.40%	18.89%	19.13%	19.38%	19.88%	19.88%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

NEW VISION CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE OPEB SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
School's proportionate share of the Net OPEB Liability	0.019%	0.019%	0.020%	0.024%	0.031%	0.037%
School's proportionate share of the Net OPEB Liability	\$ 243,694	\$ 246,177	\$ 272,953	\$ 271,042	\$ 296,820	\$ 318,561
School's covered payroll	\$ 1,484,137	\$ 1,537,816	\$ 1,696,787	\$ 2,077,212	\$ 2,797,360	\$ 3,536,122
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	16.4%	16.0%	16.1%	13.0%	10.6%	9.0%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.49%	32.78%	39.40%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

NEW VISION CHARTER SCHOOL

SCHEDULE OF THE SCHOOL'S OPEB CONTRIBUTIONS
HEALTHCARE TRUST FUND

Years Ended June 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contributions	\$ 15,436	\$ 16,254	\$ 18,231	\$ 26,635	\$ 33,151	\$ 37,965
Contributions in relation to the Statutorily required contributions	<u>15,436</u>	<u>16,254</u>	<u>18,231</u>	<u>26,635</u>	<u>33,151</u>	<u>37,965</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,513,347	\$ 1,593,527	\$ 1,787,346	\$ 2,611,361	\$ 3,250,126	\$ 3,722,118
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.