

To the Board of Directors and Management  
Prospect Ridge Academy  
Broomfield, Colorado

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Prospect Ridge Academy (the "School" ) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

### **Payroll**

During our audit, we selected a sample of employees for payroll testing. We discovered that one of the employees was underpaid during fiscal year 2022-2023 because the employee's contract amount was not updated in the payroll system. The amount of underpayment was approximately \$4,000.

We also reviewed the School's process and calculation for accruing earned but unpaid salaries and benefits at year end. We discovered that during the implementation of the new payroll system, several employees were not set up correctly in the new system. As a result, the employees were underpaid when they reported taking paid time off (PTO).

During the audit we reviewed the payroll registers with the School's finance team, and it was also discovered that four employees were paid in the July 2023 payroll when their first paycheck should not have been processed until the August 2023 payroll. The total amount paid out in July in error was approximately \$38,000, including benefits.

For the fiscal year 2022-2023, salaries and benefits comprise over 50% of the School's budget. Therefore, it is critical to have the proper internal control processes and separation of duties in place to ensure accuracy. We recommend management review its processes for onboarding new employees, updating payroll data in the payroll system, and review of payroll registers prior to authorizing payroll to ensure all employees are paid accurately and that no employees are paid when they should not be.

This communication is intended solely for the information and use of management and the board of directors, and others within Prospect Ridge Academy, and is not intended to be, and should not be, used by anyone other than these specified parties.

*PB Solutions LLC*

Prospective Business Solutions, LLC  
Littleton, Colorado  
October 30, 2023

**PROSPECT RIDGE ACADEMY**  
**BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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## **FINANCIAL SECTION**



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

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

Board of Directors  
Prospect Ridge Academy  
Broomfield, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Prospect Ridge Academy (the "School"), as of and for the year ended June 30, 2023, 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 the Prospect Ridge Academy as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*PB Solutions LLC*

Littleton, Colorado  
October 27, 2023

## **Management's Discussion and Analysis**

As management of Prospect Ridge Academy (PRA), we offer readers of PRA's financial statements our narrative overview and analysis of the financial activities of PRA for the fiscal year ended June 30, 2023, the 12<sup>th</sup> year of operations as a school.

### **Financial Highlights**

The general fund ending fund balance saw a decrease of \$4,630,875 from \$7,232,109 to \$2,601,234. At the end of the 2022-2023 fiscal year the school reported a net change in net position of (\$2,000,917) found on pages 1 and 2 of the report.

### **Overview of Financial Statements**

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

### **Government-wide Financial Statements**

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

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

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

The government-wide statement of activities distinguishes functions/programs of PRA Charter School supported primarily by Per Pupil Revenue (PPR) or other revenues passed through from the district (Adams 12 Five Star Schools). The governmental activities of PRA include instruction and supporting services.

The government-wide financial statements can be found on pages 1-2 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PRA, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the school's near-term financing requirements.

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

PRA maintains two individual governmental funds and one internal service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the grants fund, the schools major and non-major funds, respectively.

PRA adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget.

The PRA Building Corporation is considered a component unit of PRA and is reported as an internal service fund. Information is presented in the statement of net position, statement of revenues, expenses and changes in net position and the statement of cash flows.

## **Notes to the Financial Statements**

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

**PRA Charter School's Net Position  
Governmental  
Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>ASSETS</b>		
Cash and Investments	\$ 4,245,234	\$ 6,286,221
Restricted Cash and Investments	2,873,579	6,958,415
Accounts Receivable	231,413	1,165,539
Prepaid Expenses	36,632	205,620
Capital Assets, Not Depreciated	13,416,908	6,401,187
Capital Assets, Depreciated, Net of Accumulated Depreciation	25,869,030	26,825,189
Right to Use Assets, net of Accumulated Depreciation	<u>85,948</u>	<u>176,232</u>
<b>TOTAL ASSETS</b>	<u><b>46,758,744</b></u>	<u><b>48,018,403</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges	-	43,629
Related to Pensions	5,030,955	4,968,044
Related to OPEB	<u>222,630</u>	<u>214,683</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>5,253,585</b></u>	<u><b>5,226,356</b></u>
<b>LIABILITIES</b>		
Accounts Payable	711,798	825,314
Retainage Payable	377,251	-
Due to District	-	-
Accrued Salaries and Benefits	725,672	672,630
Unearned Revenues	114,664	100,012
Accrued Interest Payable	494,825	500,944
Noncurrent Liabilities		
Due in One Year	629,055	583,312
Due in More than One Year	38,766,808	39,512,233
Net Pension Liability	20,017,522	14,460,984
Net OPEB Liability	682,031	699,627
<b>TOTAL LIABILITIES</b>	<u><b>62,519,626</b></u>	<u><b>57,355,056</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to Pensions	2,018,375	6,390,183
Related to OPEB	240,213	247,148
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u><b>2,258,588</b></u>	<u><b>6,637,331</b></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	519,130	(6,285,857)
Restricted for Emergencies	532,026	499,011
Restricted for Special Education	125,000	125,000
Restricted For Debt Service and Capital Projects	2,873,579	5,328,415
Unrestricted	<u>(16,798,280)</u>	<u>(10,414,197)</u>
<b>TOTAL NET POSITION</b>	<u><b>(12,748,545)</b></u>	<u><b>(10,747,628)</b></u>

**PRA Charter School's Statement of Activities  
Governmental  
Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>REVENUES</b>		
<b>General Revenues</b>		
Per Pupil Revenue	\$13,777,234	\$12,975,898
Mill Levy Override	2,277,373	2,143,518
Other	338,020	85,343
<b>Program Revenues</b>		
Tuition and Fees	354,155	1,191,030
Operating Grants and Cont.	2,266,033	1,257,880
Capital Grants and Cont.	<u>524,516</u>	<u>426,349</u>
<b>TOTAL REVENUES</b>	<b>19,537,331</b>	<b>18,080,018</b>
<b>EXPENSES</b>		
Instructional	14,692,361	4,673,673
Supporting Services	5,249,299	7,359,547
Interest and Fiscal Charges	<u>1,596,588</u>	<u>1,695,085</u>
<b>TOTAL EXPENSES</b>	<b>21,538,248</b>	<b>13,728,305</b>
Change in Net Position	(2,000,917)	4,351,713
Other Financing Transfer In		-
Net Position, Beginning (FY22 Restated)	(10,747,628)	(15,099,341)
Net Position, Ending	(12,748,545)	(10,747,628)

**Governmental Funds**

The focus of PRA Charter School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing PRA Charter School's financing requirements.

### **Capital assets & Long-Term Debt**

PRA's investment in Capital assets increased this year due to related leasehold improvements plus construction in service. Additions to capital assets totaled \$7,015,721 for CIP and \$331,816 for equipment and right to use assets. Depreciation expense was \$1,378,259 for the year. The detail of capital assets is in Note 4 to the financial statements.

Prospect Ridge Academy had a long-term debt balance of \$59,998,079 as of June 30, 2023. Bonds \$34,330,000, bond premium \$4,793,503, compensated absences \$175,023, NPL, OPEB, total is \$20,699,553. The details of long-term debt are in Note 5 to the financial statements.

### **GASB 96 Implementation**

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), provides guidance detailing the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs). This standard aims to increase consistency and transparency in accounting for these arrangements across government entities.

Prospect Ridge Academy's technology subscriptions were evaluated and determined they do not meet GASB 96 reporting requirements.

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

The primary factor driving the budget for PRA Charter School is student enrollment. Enrollment for the FY2023-2024 is projected at 1459 which is approximately three students less than FY22.

### **Requests for Information**

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

David Mallett  
Business Operations Director  
Prospect Ridge Academy Charter School  
2555 Preble Creek Parkway  
Broomfield, CO 80023

## **BASIC FINANCIAL STATEMENTS**

PROSPECT RIDGE ACADEMY

STATEMENT OF NET POSITION

As of June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,245,234
Restricted Cash and Investments	2,873,579
Accounts Receivable	231,413
Prepaid Expenses	36,632
Capital Assets, Not Depreciated	13,416,908
Capital Assets, Depreciated, Net of Accumulated Depreciation	25,869,030
Right to Use Assets, net of Accumulated Depreciation	<u>85,948</u>
<b>TOTAL ASSETS</b>	<u>46,758,744</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pensions	5,030,955
Related to OPEB	<u>222,630</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,253,585</u>
<b>LIABILITIES</b>	
Accounts Payable	711,798
Retainage Payable	377,251
Accrued Salaries and Benefits	725,672
Unearned Revenues	114,664
Accrued Interest Payable	494,825
Noncurrent Liabilities	
Due in One Year	629,055
Due in More than One Year	38,766,808
Net Pension Liability	20,017,522
Net OPEB Liability	<u>682,031</u>
<b>TOTAL LIABILITIES</b>	<u>62,519,626</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	2,018,375
Related to OPEB	<u>240,213</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,258,588</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	519,130
Restricted for Emergencies	532,026
Restricted for Special Education	125,000
Restricted for Debt Service	2,873,579
Unrestricted	<u>(16,798,280)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (12,748,545)</u>

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

PROSPECT RIDGE ACADEMY

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT					GOVERNMENTAL ACTIVITIES
<b>Governmental Activities</b>					
Instructional	\$ 14,692,361	\$ -	\$ -	\$ -	\$ (14,692,361)
Supporting Services	5,249,299	354,155	2,266,033	524,516	(2,104,595)
Interest and Other Fiscal Charges	1,596,588	-	-	-	(1,596,588)
<b>Total Governmental Activities</b>	<b>\$ 21,538,248</b>	<b>\$ 354,155</b>	<b>\$ 2,266,033</b>	<b>\$ 524,516</b>	<b>(18,393,544)</b>
			GENERAL REVENUES		
				Per Pupil Revenue	13,777,234
				Mill Levy Override	2,277,373
				Interest	150,397
				Other	187,623
				<b>TOTAL GENERAL REVENUES</b>	<b>16,392,627</b>
				CHANGE IN NET POSITION	(2,000,917)
				NET POSITION, Beginning	(10,747,628)
				NET POSITION, Ending	<b>\$ (12,748,545)</b>

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

PROSPECT RIDGE ACADEMY

BALANCE SHEET  
GENERAL FUND  
June 30, 2023

	<u>GENERAL FUND</u>
ASSETS	
Cash and Investments	\$ 4,245,234
Accounts Receivable	231,413
Due From District	17,340
Prepaid Expenses	36,632
TOTAL ASSETS	<u>\$ 4,530,619</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 711,798
Retainage Payable	377,251
Accrued Salaries	725,672
Unearned Revenue	114,664
TOTAL LIABILITIES	<u>1,929,385</u>
FUND BALANCES	
Nonspendable	36,632
Restricted for Emergencies	532,026
Restricted for Special Education	125,000
Committed for Capital Projects	810,101
Assigned	500,000
Unassigned	597,475
TOTAL FUND BALANCES	<u>2,601,234</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,530,619</u>

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

PROSPECT RIDGE ACADEMY

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2023

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

Total fund balances of governmental funds \$ 2,601,234

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, not depreciated	4,054,234	
Capital Assets, depreciated	704,294	
Accumulated Depreciation	(183,491)	
Right to Use Assets, net	85,948	4,660,985

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(175,023)	
Lease Liability	(97,337)	
Net Pension Liability	(20,017,522)	
Net OPEB Liability	(682,031)	(20,971,913)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - Related to Pensions	5,030,955	
Deferred outflows of resources - Related to OPEB	222,630	
Deferred inflows of resources - Related to Pensions	(2,018,375)	
Deferred inflows of resources - Related to OPEB	(240,213)	2,994,997

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.

(2,033,848)

Net position of governmental activities

\$ (12,748,545)

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

PROSPECT RIDGE ACADEMY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUND  
Year Ended June 30, 2023

	GENERAL FUND
REVENUES	
Local Sources	\$ 17,171,370
State and Federal Sources	1,529,871
TOTAL REVENUES	18,701,241
EXPENDITURES	
Current	
Instruction	15,583,007
Supporting Services	7,725,438
Debt Service	
Lease Principal	99,637
Lease Interest	4,455
TOTAL EXPENDITURES	23,412,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,711,296)
OTHER FINANCING SOURCES	
Transfer In	80,421
TOTAL OTHER FINANCING SOURCES	80,421
NET CHANGE IN FUND BALANCES	(4,630,875)
FUND BALANCES, Beginning	7,232,109
FUND BALANCES, Ending	\$ 2,601,234

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

PROSPECT RIDGE ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds			\$ (4,630,875)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	4,386,052	
	Depreciation and amortization	<u>(172,944)</u>	4,213,108
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	(1,121,819)	
	Deferred charges related to OPEB	<u>32,478</u>	(1,089,341)
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.			
	Change in Compensated Absences	4,069	
	Lease Principal Payments	<u>99,637</u>	<u>103,706</u>
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.			
			<u>(597,515)</u>
Change in net position of governmental activities			<u><u>\$ (2,000,917)</u></u>

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

PROSPECT RIDGE ACADEMY

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
ASSETS	
Current Assets	
Restricted Cash and Investments	<u>\$ 2,873,579</u>
Total Current Assets	<u>2,873,579</u>
Noncurrent Assets	
Capital Assets, Not Being Depreciated	9,362,674
Capital Assets, Depreciated, Net	<u>25,348,227</u>
Total Noncurrent Assets	<u>34,710,901</u>
TOTAL ASSETS	37,584,480
LIABILITIES	
Current Liabilities	
Accrued Interest Payable	494,825
Bonds Payable, Current Portion	<u>465,000</u>
Total Current Liabilities	<u>959,825</u>
Noncurrent Liabilities	
Bonds Payable	<u>38,658,503</u>
Total Noncurrent Liabilities	<u>38,658,503</u>
TOTAL LIABILITIES	<u>39,618,328</u>
NET POSITION	
Net Investment in Capital Assets	(4,412,602)
Restricted for Debt Service	2,873,579
Unrestricted	<u>(494,825)</u>
TOTAL NET POSITION	<u>\$ (2,033,848)</u>

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

PROSPECT RIDGE ACADEMY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2023

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Rent Income	\$ 2,130,225
TOTAL OPERATING REVENUES	2,130,225
OPERATING EXPENSES	
Depreciation and Amortization	1,205,315
TOTAL OPERATING EXPENSES	1,205,315
NET OPERATING INCOME (LOSS)	924,910
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	150,129
Transfer to General Fund	(80,421)
Interest Expense	(1,592,133)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,522,425)
CHANGE IN NET POSITION	(597,515)
NET POSITION, Beginning	(1,436,333)
NET POSITION, Ending	\$ (2,033,848)

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

PROSPECT RIDGE ACADEMY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2023  
Increase (Decrease) in Cash and Cash Equivalents

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 2,130,225
Cash Paid to Suppliers	-
Net Cash Provided by Operating Activities	2,130,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(2,961,485)
Payment To/From Other funds	(1,253,106)
Principal Payments on Long Term Debt	(445,000)
Interest Payments	(1,705,599)
Net Cash Used by Capital Financing Activities	(6,365,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	150,129
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,084,836)
CASH AND CASH EQUIVALENTS, Beginning	6,958,415
CASH AND CASH EQUIVALENTS, Ending	\$ 2,873,579
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 924,910
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	1,205,315
Total Adjustments	1,205,315
Net Cash Provided by Operating Activities	\$ 2,130,225

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Prospect Ridge Academy (the “School”) was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Adams County School District No. 12 (the “District”). The School is governed by a seven-member board of directors.

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

**Reporting Entity**

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

Based on the application of this criteria, the School includes the following organization within its reporting entity:

**PRA Building Corporation**

The PRA Building Corporation (the “Corporation”) was formed to support the School to perform its function and to carry out its purpose, specifically to provide a mechanism for financing and construction of a high school building and other facilities for use by the School. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the benefit of the School. In addition, certain board members and an employee of the School are board members governing the Corporation. The Corporation is reported in the School’s financial statements as an internal service fund. Separate financial statements are not available for the Corporation.

The School is a component unit of Adams County School District No. 12.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

In addition, the School reports the following fund type:

The *Internal Service Fund* accounts for the activities of the Corporation.

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

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

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

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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 government-wide financial statements. Prior to July 1, 2014, capital assets were 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. The limit was increased to \$10,000 after July 1, 2014. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Buildings and Improvements	15-30 years
Equipment	5 years

Unearned Revenues – The deferred revenues include amounts received from parents for fees for the upcoming school year. These revenues are not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$725,672. The accrued compensation is reported as a liability in the General Fund.

Deferred Outflows of Resources - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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

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

Compensated Absences – The School’s policy allows employees to accumulate paid annual leave (PAL) up to a maximum of 20 days. Upon termination of employment, a maximum of ten unused days are paid out to the employees at the current substitute teachers’ daily rate. These compensated absences are recognized at current salary costs when paid in the General Fund. At June 30, 2023, a liability of \$175,023 has been accrued for these compensated absences in the government-wide 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.

Investment in Capital Assets is intended to reflect the portion of net position, which is 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**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 School management may have categorized and segmented portions for various purposes, the School 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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports prepaid expenses as nonspendable at June 30, 2023.
- 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. The School also reports restricted fund balances for special education reserve as required by the charter school agreement.
- 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 reports committed resources for capital projects as of June 30, 2023.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School reports assigned fund balances for subsequent year spending as of June 30, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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 balance.

**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 purchases commercial insurance for these risks of loss.

**Income Taxes**

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2023.

**Subsequent Events**

The School has evaluated events subsequent to the year ended June 30, 2023 through October 27, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Budgets**

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

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

**NOTE 3: CASH AND INVESTMENTS**

At June 30, 2023, cash and investments consist of the following:

Petty Cash	\$ 470
Deposits	4,244,764
Investments	<u>2,873,579</u>
Total	<u>\$ 7,118,813</u>

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

Cash and Investments - Unrestricted	\$ 4,245,234
Cash and Investments - Restricted	<u>2,873,579</u>
Total	<u>\$ 7,118,813</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, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Deposits (Continued)**

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, the School had deposits at financial institutions with a carrying amount of \$4,244,764. The bank balances with the financial institutions were \$4,284,042. \$250,000 of these balances were covered by federal depository and \$4,034,042 were covered by collateral held by authorized escrow agents in the financial institution's 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:

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

The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Investments** (Continued)

Local Government Investment Pools

The School has invested \$2,873,579 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.

**Restricted Cash and Investments**

Cash and Investments in the amount of \$2,873,579 are restricted in the Internal Service Fund for project costs, bond reserves, and debt service requirements.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 4: CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2023, is summarized below:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 4,758,319	\$ -	\$ -	\$ 4,758,319
Construction in Progress	1,642,868	7,015,721	-	8,658,589
<b>Total Capital Assets, Not Depreciated</b>	<b>6,401,187</b>	<b>7,015,721</b>	<b>-</b>	<b>13,416,908</b>
Capital Asset, Being Depreciated				
Building Improvements	26,315,565	-	-	26,315,565
Athletic Facilities	\$7,242,359	-	-	\$7,242,359
Equipment	204,188	331,816	-	536,004
Right to Use Assets - Copiers	540,605	-	-	540,605
<b>Total Capital Assets, Being Depreciated</b>	<b>34,302,717</b>	<b>331,816</b>	<b>-</b>	<b>34,634,533</b>
Accumulated Depreciation				
Building Improvements	5,593,066	890,348	-	6,483,414
Athletic Facilities	1,318,131	329,533	-	1,647,664
Equipment	25,726	68,094	-	93,820
Right to Use Assets - Copiers	364,373	90,284	-	454,657
<b>Total Depreciation</b>	<b>7,301,296</b>	<b>1,378,259</b>	<b>-</b>	<b>8,679,555</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>27,001,421</b>	<b>(1,046,443)</b>	<b>-</b>	<b>25,954,978</b>
<b>Net Capital Assets</b>	<b>\$ 33,402,608</b>	<b>\$ 5,969,278</b>	<b>\$ -</b>	<b>\$ 39,371,886</b>

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2023:

	Balance 6/30/2022	Additions	Payments	Balance 6/30/2023	Due In One Year
Series 2020 Bonds	\$ 34,775,000	\$ -	\$ 445,000	\$ 34,330,000	\$ 465,000
Bond Premium	4,944,479	-	150,976	4,793,503	-
Compensated Absences	179,092	-	4,069	175,023	87,511
Net Pension Liability	14,460,984	5,556,538	-	20,017,522	-
Net OPEB Liability	699,627	-	17,596	682,031	-
<b>Total</b>	<b>\$ 55,059,182</b>	<b>\$ 5,556,538</b>	<b>\$ 617,641</b>	<b>\$ 59,998,079</b>	<b>\$ 552,511</b>

**Charter School Refunding and Improvement Bonds, Series 2020**

On April 23, 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$33,860,000 Charter School Revenue Refunding and Improvement Revenue Bonds, Series 2020A, and \$915,000 Charter School Refunding and Improvement Revenue Bonds, Federally Taxable Series 2020B. Proceeds of the bonds were used to refund the Charter School Revenues Bonds Series 2017 and 2016, fund the debt service reserve and accrued interest accounts, pay certain issuance costs, and to fund the project account.

The School is obligated to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make equal debt service payments to the Trustee, for payment of the bonds. Interest on the bonds accrues at rates ranging from 4% to 5%. Interest payments are due semi-annually on March 15 and September 15. Principal payments are due annually on March 15 beginning on March 15, 2023, through March 15, 2055.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 5: LONG-TERM DEBT** (Continued)

Future debt service requirements on the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 465,000	\$ 1,664,838	\$ 2,129,838
2025	490,000	1,643,331	2,133,331
2026	510,000	1,618,850	2,128,850
2027	535,000	1,593,350	2,128,350
2028	560,000	1,566,600	2,126,600
2029-2033	3,260,000	7,382,750	10,642,750
2034-2038	4,155,000	6,483,000	10,638,000
2039-2043	5,305,000	5,336,150	10,641,150
2044-2048	6,725,000	3,912,300	10,637,300
2049-2053	8,370,000	2,268,500	10,638,500
2054-2055	3,955,000	299,000	4,254,000
Total	<u>\$ 34,330,000</u>	<u>\$ 33,768,669</u>	<u>\$ 68,098,669</u>

**NOTE 6: INTERFUND BALANCES AND TRANSFERS**

At June 30, 2023, the Corporation transferred \$80,421 to the General Fund for repayment of excess debt service reserves.

**NOTE 7: LEASES**

The following is a summary of the School's lease transactions for the year ended June 30, 2023:

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due In</u> <u>One Year</u>
Copier Lease	<u>\$ 196,974</u>	<u>\$ -</u>	<u>\$ 99,637</u>	<u>\$ 97,337</u>	<u>\$ 76,544</u>

**Copier Lease Agreements**

In October 2017, the School entered into two lease agreements for copiers with Great American. The balance of the lease liability at June 30, 2023 is \$0. The interest rate implied in the lease is calculated at 3%. The lease payment schedules require the School to make monthly lease payments in the amount of \$2,045 through June 2023.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: LEASES (Continued)**

In July 2018, the School entered into three lease agreements for copiers with TIAA. The balance of the lease liability at June 30, 2023 is \$4,464. The interest rate implied in the lease is calculated at 3%. The lease payment schedules require the School to make monthly lease payments in the amount of \$1,495 through June 2024.

In July 2019, the School entered into two lease agreements for copiers with Single Point. The balance of the lease liability at June 30, 2023 is \$73,758. The interest rate implied in the lease is calculated at 3%. The lease payment schedules require the School to make monthly lease payments in the amount of \$5,007 through June 2025.

In October 2021, the School entered into a lease agreement for copiers with Single Point. The balance of the lease liability at June 30, 2023 is \$19,115. The interest rate implied in the lease is calculated at 3%. The lease payment schedule requires the School to make monthly lease payments of \$1,150 beginning in October 2021 through June 2025.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 76,544	\$ 1,823	\$ 78,367
2025	<u>20,793</u>	<u>117</u>	<u>20,910</u>
Total	<u>\$ 97,337</u>	<u>\$ 1,940</u>	<u>\$ 99,277</u>

Total lease expense for all copier leases for the year ended June 30, 2023 was \$104,092.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8: 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.

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**General Information about the Pension Plan** (Continued)

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.

In all cases the service retirement benefit is limited to 100% of highest average salary and 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**General Information about the Pension Plan (Continued)**

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, 2023:* 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. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
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	10.38%
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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

\*\* 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 \$1,832,763 for the year ended June 30, 2023.

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 a \$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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**General Information about the Pension Plan (Continued)**

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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

**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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the School reported a liability of \$20,017,522 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$20,017,522
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	5,833,307
Total	\$25,850,829

At December 31, 2022, the School's proportion was 0.1099%, which was a decrease of 0.0143% from its proportion measured as of December 31, 2021.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

For the year ended June 30, 2023, the School recognized pension expense of \$1,807,780 and revenue of \$497,430 for support from the State as a nonemployer contributing entity. At June 30, 2023 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	\$189,444	\$-
Changes of assumptions or other inputs	354,576	-
Net difference between projected and actual earnings on pension plan investments	2,689,091	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	854,377	2,018,375
Contributions subsequent to the measurement date	943,467	N/A
Total	\$5,030,955	\$2,018,375

\$943,467 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30,</b>	
2024	\$68,119
2025	(329,077)
2026	765,947
2027	1,564,124

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

*Actuarial assumptions.* The TPL in the December 31, 2021, 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 <sup>1</sup>	Financed by the AIR

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

The 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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, 2021, 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 at least every five years for PERA. 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:

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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 SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

- 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.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- 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.
- 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$26,196,052	\$20,017,522	\$14,857,819

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

**NOTE 9: 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

*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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**General Information about the OPEB Plan (Continued)**

*PERA Benefit Structure*

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

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

*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 \$91,728 for the year ended June 30, 2023.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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

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

At June 30, 2023, the School reported a liability of \$682,031 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.0835%, which was an increase of 0.0024% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of (\$32,478). At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$89	\$164,938
Changes of assumptions or other inputs	10,962	75,275
Net difference between projected and actual earnings on OPEB plan investments	41,657	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	127,969	-
Contributions subsequent to the measurement date	41,953	N/A
<b>Total</b>	<b>\$222,630</b>	<b>\$240,213</b>

\$41,953 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

<b>Year ended June 30,</b>	
2024	(\$24,981)
2025	(29,309)
2026	(1,908)
2027	11,043
2028	(11,419)
Thereafter	(2,962)

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PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

*Actuarial assumptions.* The TOL in the December 31, 2021 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		6.50% in 2022, gradually decreasing to 4.50% in 2030		
Medicare Part A premiums		3.75% in 2022, 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		

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and	0.0%	0.0%

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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 on 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

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

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

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

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

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

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.

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

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

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 <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$662,726	\$682,031	\$703,036

<sup>1</sup>For the January 1, 2023, plan year.

*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, 2022, 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.

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

- 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.

*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	\$790,676	\$682,031	\$589,104

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

PROSPECT RIDGE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 10: 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, 2023, 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 an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

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

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$532,026 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**NOTE 11: DEFICIT NET POSITION**

At June 30, 2023, the net position of the governmental activities is in a deficit position in the amount of \$12,748,545 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75 and the deficit of the Internal Service Fund.

At June 30, 2023, the net position of the Internal Service Fund is in a deficit position in the amount of \$2,033,848 . The deficit is a result of the capital assets depreciating faster than the principal balance of the related debt is paid. Management expects this deficit to be eliminated once the School makes annual principal payments on its debt.

**REQUIRED SUPPLEMENTARY INFORMATION**

PROSPECT RIDGE ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Local Sources					
Per Pupil Revenue	\$13,684,894	\$13,785,686	\$13,777,234	\$ (8,452)	\$12,975,898
Mill Levy Override	2,225,027	2,200,272	2,277,373	77,101	2,143,518
Charges for Services	495,505	375,261	354,155	(21,106)	621,542
Grants and Donations	346,900	630,901	574,717	(56,184)	569,488
Interest	-	-	268	268	388
Other	198,487	350,000	187,623	(162,377)	31,237
State and Federal Sources					
Capital Construction	453,220	529,038	524,516	(4,522)	426,349
PERA-On Behalf Contribution	148,495	500,000	497,429	(2,571)	176,988
Grants and Donations	535,504	410,504	507,926	97,422	1,477,180
<b>TOTAL REVENUES</b>	<b>18,088,032</b>	<b>18,781,662</b>	<b>18,701,241</b>	<b>(80,421)</b>	<b>18,422,588</b>
<b>EXPENDITURES</b>					
Current					
Salaries	9,288,595	9,288,595	9,191,601	96,994	8,113,473
Employee Benefits	3,083,757	3,465,499	3,457,154	8,345	2,688,542
Purchased Services	3,776,698	3,736,629	4,352,622	(615,993)	3,522,965
Supplies and Materials	1,486,466	1,927,931	1,974,048	(46,117)	2,144,302
Property	4,098,698	4,963,033	4,249,736	713,297	329,637
Other	-	83,000	83,284	(284)	50,178
Debt Service					
Lease Principal	-	-	99,637	(99,637)	105,661
Lease Interest	-	-	4,455	(4,455)	7,251
<b>TOTAL EXPENDITURES</b>	<b>21,734,214</b>	<b>23,464,687</b>	<b>23,412,537</b>	<b>52,150</b>	<b>16,962,009</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,646,182)</b>	<b>(4,683,025)</b>	<b>(4,711,296)</b>	<b>(28,271)</b>	<b>1,460,579</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer In	-	-	80,421	80,421	-
Lease Proceeds	-	-	-	-	41,736
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>80,421</b>	<b>80,421</b>	<b>41,736</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,646,182)</b>	<b>(4,683,025)</b>	<b>(4,630,875)</b>	<b>52,150</b>	<b>1,502,315</b>
FUND BALANCE, Beginning	6,488,113	7,232,109	7,232,109	-	5,729,794
FUND BALANCE, Ending	<u>\$ 2,841,931</u>	<u>\$ 2,549,084</u>	<u>\$ 2,601,234</u>	<u>\$ 52,150</u>	<u>\$ 7,232,109</u>

See the accompanying independent auditor's report.

PROSPECT RIDGE ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.1099%	0.1243%	0.1316%	0.1075%	0.1033%	0.1121%	0.0995%	0.0868%	0.0794%	0.0473%
Proportionate Share of the Net Pension Liability (Asset)	\$20,017,522	\$14,460,984	\$19,888,868	16,060,686	18,284,802	36,237,262	29,630,061	13,277,946	10,766,501	6,034,596
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	5,833,307	1,657,767	-	2,037,094	2,500,191	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	25,850,829	16,118,751	19,888,868	18,097,780	20,784,993	36,237,262	29,630,061	13,277,946	10,766,501	6,034,596
Covered payroll	\$ 8,476,653	\$ 7,766,068	\$ 7,035,887	\$ 6,315,340	\$ 5,863,272	\$ 5,169,342	\$ 4,466,490	\$ 3,753,503	\$ 2,890,172	\$ 2,369,201
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.1%	186.2%	282.7%	286.6%	354.5%	701.0%	663.4%	353.7%	372.5%	254.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

See the accompanying independent auditor's report.

PROSPECT RIDGE ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 1,832,763	\$ 1,574,289	\$ 1,486,662	\$ 1,216,443	\$ 1,121,644	\$ 963,049	\$ 809,777	\$ 733,517	\$ 581,438	\$ 391,905	\$ 334,674
Contributions in Relation to the											
Contractually Required Contributions	1,832,763	1,574,289	1,486,662	1,216,443	1,121,644	963,049	809,777	733,517	581,438	391,905	334,674
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,992,940	\$ 7,918,957	\$ 7,478,163	\$ 6,315,240	\$ 5,863,272	\$ 5,169,342	\$ 4,405,750	\$ 4,137,152	\$ 3,444,538	\$ 2,452,469	\$ 2,219,324
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.26%	19.13%	18.63%	18.38%	17.73%	16.88%	15.98%	15.08%

See the accompanying independent auditor's report.

PROSPECT RIDGE ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0835%	0.0811%	0.0761%	0.0702%	0.0671%	0.0637%	0.0566%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 682,031	\$ 699,627	\$ 722,974	\$ 789,440	\$ 913,214	\$ 827,506	\$ 733,406
Covered payroll	\$ 8,476,653	\$ 7,766,068	\$ 7,035,887	\$ 6,315,340	\$ 5,863,272	\$ 5,169,342	\$ 4,466,500
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.0%	9.0%	10.3%	12.5%	15.6%	16.0%	16.4%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

See the accompanying independent auditor's report.

PROSPECT RIDGE ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 91,728	\$ 80,773	\$ 76,277	\$ 64,415	\$ 59,805	\$ 52,727	\$ 45,558
Contributions in Relation to the Contractually Required Contributions	91,728	80,773	76,277	64,415	59,805	52,727	45,558
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$8,992,940	\$ 7,918,957	\$ 7,478,163	\$ 6,315,340	\$ 5,863,272	\$ 5,169,342	\$ 4,466,500
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying independent auditor's report.