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# **Rocky Mountain Preparatory Schools**

## **Independent Auditor's Reports and Financial Statements**

June 30, 2023

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# Rocky Mountain Preparatory Schools

June 30, 2023

## Board of Directors

Board Chair, Treasurer and Business Committee Chair	Pat Donovan
Vice Chair	Jessica Thwaites
ER Committee Chair	Marlon Marshall
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Member	Jill Hamilton Anshultz
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Chief Operating and Finance Officer	Cara Eng
Chief of Staff	Indrina Kanth
Project Director	Hannah Marck
Principal, Rocky Mountain Preparatory Berkeley	Kayla Bylund
Principal, Rocky Mountain Preparatory Creekside	Austen Kassinger
Principal, Rocky Mountain Preparatory Southwest	Bridget Tiebout
Principal, Rocky Mountain Preparatory Fletcher	Julieta Garcia-Vicente

# Rocky Mountain Preparatory Schools

June 30, 2023

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## Independent Auditor's Report

Board of Directors  
Rocky Mountain Preparatory Schools  
Denver, Colorado

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities and the general fund of Rocky Mountain Preparatory Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rocky Mountain Preparatory Schools' basic financial statements as listed in the table of contents. We have also audited the financial statements of the governmental activities and the general funds of RMP – Denver (a component unit of School District Number 1 in the City and County of Denver, Colorado [Denver Public Schools or DPS]) and RMP – Aurora (a component unit of Joint School District Number 28-J of the Counties of Adams and Arapahoe, Colorado [Aurora Public Schools or APS]), as of and for the year ended June 30, 2023, 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 the general fund of Rocky Mountain Preparatory Schools, as well as the respective financial position of the governmental activities and general funds of RMP – Denver and RMP – Aurora, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Rocky Mountain Preparatory 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.

### ***Emphasis of a Matter – Restatement***

As discussed in Note 12, Rocky Mountain Preparatory Schools applied GASB Statement Number 69, *Government Combinations and Disposals of Government Operations*, to the dissolution of the Building Corporation, which resulted in a restatement of beginning general fund balance for RMPS and RMP – Denver. Our opinions are not modified with respect to this matter.

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

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

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 Rocky Mountain Preparatory Schools' ability to continue as a going concern for 12 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Rocky Mountain Preparatory Schools' internal control. Accordingly, no such opinion is expressed.

Board of Directors  
Rocky Mountain Preparatory Schools

- 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 Rocky Mountain Preparatory Schools' ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rocky Mountain Preparatory Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors  
Rocky Mountain Preparatory Schools

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of Rocky Mountain Preparatory Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky Mountain Preparatory Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky Mountain Preparatory Schools' internal control over financial reporting and compliance.

**FORVIS,LLP**

Denver, Colorado  
November 15, 2023

# **Rocky Mountain Preparatory Schools**

## **Management's Discussion and Analysis (Unaudited)**

### **June 30, 2023**

As management of Rocky Mountain Preparatory Schools, we offer readers of the basic financial statements this narrative and analysis of the financial activities of Rocky Mountain Preparatory Schools for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

#### ***Financial Highlights***

- The year ended June 30, 2023 was the 11th year of operations for Rocky Mountain Preparatory Schools. The general fund balance decreased \$4,801,395 from \$17,512,681, as restated, to \$12,711,286 for the year ended June 30, 2023 primarily due to the decision to pay off all existing debt during the year.
- The financial results of Rocky Mountain Preparatory Schools under a government-wide accounting presentation are materially impacted by the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Under GASB 68, Rocky Mountain Preparatory Schools must report a liability for its proportionate share of the entire underfunded status of the plan. With the implementation of GASB 75, *Postemployment Benefits* (OPEB) are reported in both the statement of net position and the statement of activities. As of June 30, 2023, Rocky Mountain Preparatory Schools reported a net pension liability (NPL) of \$14,974,407 and net OPEB liability of \$403,780 based on its proportionate share measured and calculated as of December 31, 2022. As long-term obligations, neither NPL nor net OPEB liability are recorded in the modified accrual basis financial statement of governmental funds. Neither liability impacts the current financial position of Rocky Mountain Preparatory Schools.
- The operations of Rocky Mountain Preparatory Schools for the year ended June 30, 2023 were funded by tax revenue received under the State School Finance Act (the Act), mill levy overrides, federal revenue, and private contributions. Tax revenue for the year from Per Pupil and Preschool Revenue was \$18,315,851, while property tax revenue for the year from mill levy overrides was \$4,859,428. In addition, individual gifts and foundation grants supplemented the tax revenue received in order to finance operations.

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

This discussion and analysis are intended to serve as an introduction to Rocky Mountain Preparatory Schools' basic financial statements. The School's basic statements are comprised of: 1) Statement of Net Position and General Fund Balance Sheet, 2) Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance, and 3) Notes to the Financial Statements.

# **Rocky Mountain Preparatory Schools**

## **Management's Discussion and Analysis (Unaudited)**

### **June 30, 2023**

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

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

The statement of net position presents information on all of Rocky Mountain Preparatory Schools' assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of Rocky Mountain Preparatory Schools is improving or deteriorating. However, it is important to note the impact that the reporting of the net pension related accounts and the net OPEB related accounts has on Rocky Mountain Preparatory Schools' net position.

The statement of activities presents information showing how Rocky Mountain Preparatory Schools' net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

#### **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. Rocky Mountain Preparatory Schools keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

#### **Notes to Financial Statements**

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

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

As noted previously, net position may serve over time as a useful indicator of Rocky Mountain Preparatory Schools' financial position. At June 30, 2023, Rocky Mountain Preparatory Schools' assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7,274,603. Additionally, \$914,094 of the net position is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

**Rocky Mountain Preparatory Schools**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023**

**Condensed Statement of Net Position**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current	\$ 13,702,982	\$ 18,454,783
Capital	5,570,432	5,660,669
Total assets	19,273,414	24,115,452
<b>Deferred Outflows of Resources</b>	7,478,202	7,764,957
<b>Liabilities</b>		
Current	991,696	1,366,107
Noncurrent	15,378,187	11,405,018
Total liabilities	16,369,883	12,771,125
<b>Deferred Inflows of Resources</b>	3,107,130	10,679,393
<b>Net Position</b>		
Net investment in capital assets	5,570,432	650,015
Restricted for emergency reserve - TABOR	914,094	1,036,077
Unrestricted	790,077	6,743,799
Total net position	\$ 7,274,603	\$ 8,429,891

The current asset balance is primarily cash and accounts receivables at June 30, 2023. Current assets decreased over the prior year due to repayments of the long-term debts. Noncurrent liabilities increased from the prior year primarily due to an increase in net pension liability. Deferred inflows of resources decreased from the prior year due to a decrease in deferred inflows of resources – pensions.

**Rocky Mountain Preparatory Schools**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023**

**Condensed Statement of Activities**

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Per pupil revenue and preschool funding	\$ 18,315,851	\$ 17,685,897
Mill levy override	4,859,428	4,608,254
Grants and contributions	11,933,090	9,461,052
All other revenue	724,509	200,115
Total revenues	35,832,878	31,955,318
<b>Expenses</b>		
Program	22,080,553	21,185,557
Supporting services	14,659,889	8,051,702
Interest	247,724	256,336
Total expenses	36,988,166	29,493,595
<b>Change in Net Position</b>	(1,155,288)	2,461,723
<b>Net Position - Beginning</b>	8,429,891	5,968,168
<b>Net Position - Ending</b>	\$ 7,274,603	\$ 8,429,891

Grants and contributions revenue increased due to increased philanthropy. Total expenses increased due to higher personnel expenses.

***Financial Analysis of Rocky Mountain Preparatory Schools Funds***

**Governmental Funds**

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

As of the end of Rocky Mountain Preparatory Schools' 11th fiscal year, Rocky Mountain Preparatory Schools reported a governmental fund balance of \$12,711,286 which represents a decrease of \$4,801,395 over the previous fiscal year, as restated for GASB 69.

**General Fund Budgetary Highlights**

Rocky Mountain Preparatory Schools' budget was \$41,730,360 for the year ended June 30, 2023. Actual expenditures were \$40,543,214. The difference between budgeted versus actual expenditures in the general fund is primarily due to lower supplies and materials expense, and an unused budgeted contingency.

**Rocky Mountain Preparatory Schools**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023**

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

The primary factor driving the budget for Rocky Mountain Preparatory Schools is student enrollment. The enrollment for the 2022-2023 school year was 1,596 students. The budgeted enrollment for the 2023-2024 school year is 4,621. The primary driver for the budgeted increase in enrollment is the combined enrollment as a result of the Rocky Mountain Preparatory Schools merger with Strive Preparatory Schools, effective July 1, 2023.

**Requests for Information**

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

Rocky Mountain Preparatory Schools  
2480 West 26<sup>th</sup> Avenue  
Suite 360-B  
Denver, Colorado 80211

## **Basic Financial Statements**

**Rocky Mountain Preparatory Schools**  
**General Fund Balance Sheet/Statement of Net Position**  
**June 30, 2023**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 11,639,345	\$ -	\$ 11,639,345
Prepaid items	39,866	-	39,866
Accounts receivable	<u>2,023,771</u>	<u>-</u>	<u>2,023,771</u>
Total current assets	13,702,982	-	13,702,982
<b>Noncurrent Assets</b>			
Capital assets not being depreciated	-	3,940,000	3,940,000
Capital assets being depreciated, net	<u>-</u>	<u>1,630,432</u>	<u>1,630,432</u>
Total assets	<u>13,702,982</u>	<u>5,570,432</u>	<u>19,273,414</u>
<b>Deferred Outflows of Resources</b>			
OPEB	-	339,153	339,153
Pensions	<u>-</u>	<u>7,139,049</u>	<u>7,139,049</u>
Total deferred outflows of resources	<u>-</u>	<u>7,478,202</u>	<u>7,478,202</u>

**Rocky Mountain Preparatory Schools**  
**General Fund Balance Sheet/Statement of Net Position (continued)**  
**June 30, 2023**

<b>Liabilities and Fund Balance/Net Position</b>	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Current Liabilities</b>			
Accounts payable	908,364	-	908,364
Unearned revenues	83,332	-	83,332
Total current liabilities	<u>991,696</u>	<u>-</u>	<u>991,696</u>
<b>Noncurrent Liabilities</b>			
Net OPEB liabilities	-	403,780	403,780
Net pension liabilities	-	14,974,407	14,974,407
Total noncurrent liabilities	<u>-</u>	<u>15,378,187</u>	<u>15,378,187</u>
Total liabilities	<u>991,696</u>	<u>15,378,187</u>	<u>16,369,883</u>
<b>Deferred Inflows of Resources</b>			
OPEB	-	286,037	286,037
Pensions	-	2,821,093	2,821,093
Total deferred inflows of resources	<u>-</u>	<u>3,107,130</u>	<u>3,107,130</u>
<b>Fund Balance</b>			
Nonspendable	39,866	(39,866)	-
Restricted for emergency reserve - TABOR	914,094	(914,094)	-
Unassigned	11,757,326	(11,757,326)	-
Total fund balance	<u>12,711,286</u>	<u>(12,711,286)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 13,702,982</u>		
<b>Net Position</b>			
Net investment in capital assets		5,570,432	5,570,432
Restricted for emergency reserve - TABOR		914,094	914,094
Unrestricted		790,077	790,077
Total net position		<u>\$ 7,274,603</u>	<u>\$ 7,274,603</u>

**Rocky Mountain Preparatory Schools**  
**Statement of General Fund Revenues, Expenditures, and Changes**  
**in Fund Balance/Statement of Activities**  
**Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
General revenues			
Per pupil revenue and preschool funding	\$ 18,315,851	\$ -	\$ 18,315,851
Mill levy override	4,859,428	-	4,859,428
Program revenues			
Federal revenue	4,341,499	-	4,341,499
Other state	2,152,733	91,059	2,243,792
Private grants and contributions	5,347,799	-	5,347,799
Investment income	182,780	-	182,780
All other local revenues	541,729	-	541,729
	<u>35,741,819</u>	<u>91,059</u>	<u>35,832,878</u>
Total revenues			
<b>Expenditures/Expenses</b>			
Program	21,176,873	903,680	22,080,553
Supporting services	14,082,020	577,869	14,659,889
Debt service - principal	5,010,654	(5,010,654)	-
Debt service - interest	273,667	(25,943)	247,724
	<u>40,543,214</u>	<u>(3,555,048)</u>	<u>36,988,166</u>
Total expenditures/expenses			
<b>Change in Fund Balance/Net Position</b>	(4,801,395)	3,646,107	(1,155,288)
<b>Fund Balance/Net Position - Beginning</b>	16,952,499	(8,522,608)	8,429,891
<b>Restatement for GASB 69 Combination</b>	<u>560,182</u>	<u>(560,182)</u>	<u>-</u>
<b>Fund Balance/Net Position - Beginning, as Restated</b>	<u>17,512,681</u>	<u>(9,082,790)</u>	<u>8,429,891</u>
<b>Fund Balance/Net Position - Ending</b>	<u>\$ 12,711,286</u>	<u>\$ (5,436,683)</u>	<u>\$ 7,274,603</u>

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 1: Summary of Significant Accounting Policies

Rocky Mountain Preparatory Schools (RMPS) was formed to operate charter schools as provided in the Colorado Charter Schools Act. RMPS's mission is to provide educational, technical, and supporting services to RMPS. RMPS's support is derived primarily from State of Colorado public education monies, foundation contributions, and various government agency grants.

#### **Reporting Entity**

The financial reporting entity consists of RMPS and organizations for which RMPS is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of RMPS. In addition, any legally separate organizations for which RMPS is financially accountable are considered part of the reporting entity. Financial accountability exists if RMPS appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on RMPS.

RMPS manages several charter schools within the Denver Metro area. The Creekside, Southwest and Berkeley locations are component units of the Denver Public School District (DPS) (RMP – Denver) and the Fletcher location is a component unit of Aurora Public Schools (APS) (RMP – Aurora). RMPS also includes the Network Support Team (NST) which provides supporting services to RMPS through management fees paid by RMPS. The financial activities of NST have been allocated based upon enrollment.

During the fiscal year the Building Corporation was dissolved and absorbed into RMPS. Based on the requirements of GASB 69, *Government Combinations and Disposals of Government Operations*, the combination has been recorded as a continuing government merger and is therefore deemed to have occurred at the beginning of the continuing government's reporting period. The purpose of the Building Corporation was to provide a mechanism to issue and pay debt on behalf of RMPS and RMP – Denver. The Building Corporation was considered to be part of RMPS and RMP – Denver for financial reporting purposes because its resources are entirely for the direct benefit of RMPS and RMP – Denver and was blended into RMPS's and RMP – Denver's financial statements as an internal service fund. The Building Corporation does not issue separate financial statements. This combination required a restatement of beginning fund balance for RMP – Denver as further described in Note 12.

#### **Accounting Policies**

As required by the State of Colorado, the RMPS accounts for financial transactions in accordance with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### ***Measurement Focus and Financial Statement Presentation***

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of 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. Tax revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, RMPS considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of revenues related to intergovernmental revenue and grants, which are included in revenue if received within one year after year-end. Expenditures generally are recorded when a liability is incurred under accrual accounting. All other revenues are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is RMPS's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

RMPS reports the following major governmental fund:

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

### ***Cash and Cash Equivalents***

RMPS defines their cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

The financial institution holding RMPS's cash accounts participates in the FDIC's Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the \$250,000 limit on FDIC insurance per covered institution.

RMPS's investment policies conform to state statute for governmental entities. All accounts established at financial institutions should, in the aggregate, total less than \$250,000 so as to provide maximum insurance coverage provided by the FDIC. If, however, deposits exceed the \$250,000 insurance coverage level, the excess must be (1) fully collateralized at face value with government securities, (2) separately segregated in RMPS's name, and (3) held at a Federal Reserve Bank or another depository.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under *Colorado Public Deposit Protection Act (PDPA)*, as discussed below. Custodial credit risk is the risk that in the event of bank failure, the deposits may not be returned.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

Cash held at charter schools is governed by state statute. The PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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.

### ***Prepaid Items***

Payments made for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items. In the governmental fund balance sheet, there is a nonspendable fund balance equal to the amount of prepaid items, as these amounts are not available for expenditure.

### ***Capital Assets***

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at acquisition cost or estimated acquisition cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all capital assets is provided on a straight-line basis over the estimated useful lives of the capital assets. Building improvements are depreciated over 15 years and buildings are depreciated over 25 years.

### ***Deferred Outflows/Inflows of Resources***

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

In addition to liabilities, the statement of net position 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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

### ***Revenues***

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded under the accrual basis when the exchange takes place.

Nonexchange transactions are those in which RMPS receives value without directly giving equal value in return, and includes private grants and contributions and state revenue. Under the accrual basis, this revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted, matching requirements under which RMPS must provide local resources to be used for a specific purpose and expenditure requirements, in which the resources are provided to RMPS on a reimbursement basis.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### ***Unearned Revenue***

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

### ***Fund Balances***

Fund balance presented in the governmental fund financial statements represent the difference between assets and liabilities. Accounting standards require that the fund balance be classified into the following categories based upon the type of restrictions imposed on the use of funds:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – This classification includes amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. This includes TABOR reserve for emergencies (see Note 11).
- **Committed** – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the entity’s highest level of decision-making authority.
- **Assigned** – This classification includes amounts intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed.
- **Unassigned** – This classification is the residual amount for RMPS’s general fund and includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, RMPS considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, RMPS considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### ***Net Position***

The net position is the residual of assets plus deferred outflows of resources less liabilities less deferred inflows of resources. RMPS maintains the following classifications of net position:

- Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, reduced by any borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted – Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of RMPS or by the passage of time. This includes TABOR reserve for emergencies (see Note 11).
- Unrestricted – All other categories of net position.

When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, RMPS considers restricted funds to have been spent first.

### ***On-behalf Payments***

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division 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 DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial 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. The amount of on-behalf payments made for RMPS by the State of Colorado totaled \$875,321 in the governmental fund statement of changes and \$966,380 in the government-wide statement of activities. These amounts are recorded as both revenue and expenditure/expense.

### ***Budgets and Budgetary Accounting***

RMPS adopts an annual budget for the general fund. The Board or management can modify the budget by line item within the total fund's appropriation. Formal budgetary integration is employed as a management control device during the year for the general fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### ***Use of Estimates***

The preparation of financial statements in conformity and in accordance with the generally accepted financial principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from those estimates.

### **Note 2: Explanation of Differences Between the Balance Sheet and the Statement of Net Position**

Total fund balance of RMPS's general fund differs from net position of governmental activities primarily because of the long-term economic resources measurement focus of the statement of net position versus the current financial resources measurement focus of the general fund balance sheet.

The differences are described below:

	<b>RMP - Denver</b>	<b>RMP - Aurora</b>	<b>Total</b>
<b>Fund Balance - June 30, 2023</b>	\$ 7,531,623	\$ 5,179,663	\$ 12,711,286
Capital assets in governmental activities are not financial resources and, therefore, are not reported as assets in the general fund	5,570,432	-	5,570,432
In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods			
Deferred outflows of resources	4,661,068	2,817,134	7,478,202
Deferred inflows of resources	(1,974,901)	(1,132,229)	(3,107,130)
Long-term net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the general fund	(6,458,771)	(8,919,416)	(15,378,187)
<b>Net Position - June 30, 2023</b>	<b>\$ 9,329,451</b>	<b>\$ (2,054,848)</b>	<b>\$ 7,274,603</b>

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

**Note 3: Explanation of Differences Between Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities**

The net change in fund balance for the general fund differs from the change in net position for governmental activities primarily because of the long-term economic resources measurement focus of the statement of activities versus the current financial resources measurement focus of the general fund statement of revenues, expenditures, and changes in fund balance.

The differences are described below:

	<b>RMP - Denver</b>	<b>RMP - Aurora</b>	<b>Total</b>
<b>Net Change in Fund Balance - Year Ended June 30, 2023</b>	\$ (4,834,674)	\$ 33,279	\$ (4,801,395)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense (depreciation).	(90,236)	-	(90,236)
Repayment of long-term debt is not reported as debt service in governmental funds, but the forgiveness of debt reduces long-term liabilities in the statement of net position and is recorded as revenue	5,010,654	-	5,010,654
Change in interest accrual	25,943	-	25,943
In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis	45,852	(1,311,828)	(1,265,976)
In governmental funds, OPEB costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis	47,259	(81,537)	(34,278)
<b>Change in Net Position - Year Ended June 30, 2023</b>	<b>\$ 204,798</b>	<b>\$ (1,360,086)</b>	<b>\$ (1,155,288)</b>

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 4: Cash and Equivalents

#### Deposits

The financial institutions holding RMPS' cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Interest-bearing transaction accounts were subject to the \$250,000 limit on FDIC insurance per covered institution.

Under the provisions of GASB 40, *Deposit and Investment Risk Disclosures*, deposits are not deemed exposed to custodial credit risk if they are collateralized with securities held by the pledging financial institutions under *Colorado Public Deposit Protection Act* (PDPA), as discussed below. Custodial credit risk is the risk that in the event of bank failure, STRIVE Prep's deposits may not be returned.

Colorado State statutes govern RMPS' deposit of cash. The PDPA requires RMPS to make deposits only in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

As of June 30, 2023, RMPS had cash on deposit balances consisting of the following:

	<b>Carrying Amount</b>	<b>Bank Balance</b>	<b>Amount Covered Under PDPA</b>
Checking	<u>\$ 6,539,165</u>	<u>\$ 6,538,726</u>	<u>\$ 6,265,598</u>

The remaining deposits not covered under PDPA are insured under FDIC.

#### Investments

RMPS is required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

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

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

*Local Government Investment Pool* – At June 30, 2023, RMPS had \$5,100,180 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes and is registered with the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by COLOTRUST 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 COLOTRUST. Investments of the pool consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. COLORADO Trust is comprised of two funds: PRIME and PLUS+. Both funds carry an AAAM from Standards and Poor's. The Colorado Division of Securities administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST is rated AAAM by Standard and Poor's. Investments of COLOTRUST are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no limitations or restrictions on withdrawals. The local government investment pool and money market funds are measured at net asset value and is designed to approximate the share value.

### **Note 5: Accounts Receivable**

Accounts receivable primarily consist of funds due from various governmental units. Management believes all of these amounts are collectible, therefore no provisions for uncollectible accounts were recorded. As of June 30, 2023, all amounts are considered collectible within one year.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 6: Capital Assets and Depreciation

Capital assets and depreciation consisted of the following:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2023</b>
Capital assets not being depreciated				
Land	\$ 3,940,000	\$ -	\$ -	\$ 3,940,000
Capital assets being depreciated				
Facilities improvements	2,147,905	-	-	2,147,905
Less accumulated depreciation	<u>(427,237)</u>	<u>(90,236)</u>	<u>-</u>	<u>(517,473)</u>
Total capital assets being depreciated, net	<u>1,720,668</u>	<u>(90,236)</u>	<u>-</u>	<u>1,630,432</u>
Total capital assets, net	<u>\$ 5,660,668</u>	<u>\$ (90,236)</u>	<u>\$ -</u>	<u>\$ 5,570,432</u>

Depreciation expense was \$90,236 for the year ended June 30, 2023, which was considered supporting expense in the general fund.

### Note 7: Risk Management

RMPS is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, students, and visitors and natural disasters. Management's policy is to minimize these risks through the purchase of commercial insurance. Settled claims have not exceeded the commercial insurance coverage since inception.

### Note 8: Employee Benefit Plans

RMPS participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension, and the School Division Trust Fund (School Division), a cost-sharing multi-employer defined benefit pension funds both administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the DPS Division and the Schools Divisions 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.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### ***Plan Description***

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

### ***Benefits Provided***

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 DPS Division 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

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.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five 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

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

**June 30, 2023**

benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, 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 DPS Division. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

### ***DPS Division Contributions***

Eligible employees of RMP – Denver are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401 et seq. and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	<b>July 1, 2022 to December 31, 2022</b>	<b>January 1, 2023 to June 30, 2023</b>
Employer Contribution Rate <sup>1</sup>	11.40%	11.40%
Amount of Employee Contribution Apportioned to the DPS Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f) <sup>1</sup>	(1.02)%	(1.02)%
PCOP Offset as Specified in C.R.S. 24-51-412 **	(11.72)%	(10.93)%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. 24-51-411 <sup>1</sup>	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.50%	5.50%
Total Employer Contribution Rate to the DPS <sup>1</sup>	8.66%	9.45%

\*\* To conform with this presentation of contribution rates, the 2022 annual PCOP offset of 11.47% has been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42)

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and RMPS is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division for the year ended June 30, 2023 from RMP – Denver were \$1,184,544.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division 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 DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial 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.

### **School Division Contributions**

Eligible employees and RMP – Aurora are required to contribute to the School Division at a rate set by Colorado Statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq and § 24-51-413. Eligible employees are required to contribute 11% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<b>July 1, 2022 - June 30, 2023</b>
Employer Contribution Rate <sup>1</sup>	11.40%
Amount of Employee Contribution Apportioned to the DPS Health Care Trust Fund as Specified in C.R.S. 24-51-208(1)(f) <sup>1</sup>	<u>(1.02)%</u>
Amount Apportioned	10.38%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. 24-51-411 <sup>1</sup>	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. 24-51-411 <sup>1</sup>	<u>5.50%</u>
Total Employer Contribution Rate to the School Division <sup>1</sup>	<u><u>20.38%</u></u>

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42)

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

Employer contributions are recognized by the School Division in the period in which the compensation becomes payable to the member and RMPS is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the School Division from RMP – Aurora were \$874,115 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 School Division 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 School Division based on the proportionate amount of annual payroll of School Division to the total annual payroll of the School Division, 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 DPS Division and the School Division was measured as of December 31, 2022, and the total pension liability 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 total pension liability to December 31, 2022. RMPS proportion of the net pension liability was based on RMPS contributions to the plans 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, RMPS reported a total liability of \$14,974,407 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 RMPS 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 RMPS were as follows:

	<u>RMP - Denver</u>	<u>RMP - Aurora</u>	<u>Total</u>
School's proportionate share of the net pension liability (assets)	\$ 6,348,702	\$ 8,625,705	\$ 14,974,407
State's proportionate share of the net pension liability (assets)	<u>4,517,158</u>	<u>2,513,617</u>	<u>7,030,775</u>
Total	<u>\$ 10,865,860</u>	<u>\$ 11,139,322</u>	<u>\$ 22,005,182</u>

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

**June 30, 2023**

For the year ended June 30, 2023, RMPS recognized pension expense for DPS Division and the School Division for support from the State as a nonemployer contributing entity as follows:

	<b>RMP - Denver</b>	<b>RMP - Aurora</b>	<b>Total</b>
Pension expense	\$ 1,230,396	\$ 2,496,372	\$ 3,726,768
Revenue from support provided by the State	\$ 670,794	\$ 295,586	\$ 966,380

At December 31, 2022, the RMP – Denver proportion was .732%, representing a decrease of .271%, and the RMP – Aurora proportion was .047%, representing a decrease of .007% from the proportions measured as of December 31, 2021.

At June 30, 2023, RMP – Denver reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>RMP - Denver</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected actual experience	\$ 224,520	\$ -
Changes of assumptions	221,901	-
Net difference between projected and actual earning on pension plan investments	2,404,788	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	966,829	1,792,310
Contribution subsequent to the measurement date	691,319	-
Total	<b>\$ 4,509,357</b>	<b>\$ 1,792,310</b>

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

\$691,319 reported by RMP – Denver 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:

Year Ending June 30,	RMP - Denver
2024	\$ 270,185
2025	(273,814)
2026	635,799
2027	1,393,588
2028	-
Thereafter	-
	\$ 2,025,758

At June 30, 2023, RMP – Aurora reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	RMP - Aurora	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected actual experience	\$ 81,633	\$ -
Changes of assumptions	152,789	-
Net difference between projected and actual earning on pension plan investments	1,158,750	-
Change in proportion and differences between contributions recognized and proportionate share of contributions	763,928	1,028,783
Contribution subsequent to the measurement date	472,592	-
Total	\$ 2,629,692	\$ 1,028,783

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

\$472,592 reported by RMP – Aurora 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:

Year Ending June 30,	RMP - Aurora
2024	\$ 322,701
2025	(190,324)
2026	321,947
2027	673,993
2028	-
Thereafter	-
	\$ 1,128,317

### ***DPS Division Actuarial Assumptions***

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following 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	3.80% to 11.50%
Investment Rate of Return	7.25%, net of pension plan investment expenses, including inflation
Discount Rate	7.25%
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	1.00%, compounded annually
PERA Benefit Structure Hired After December 31, 2006 (ad hoc, Substantively Automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> Post-retirement benefit increase 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.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

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

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

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

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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

# Rocky Mountain Preparatory Schools

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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%.

### **School Division Actuarial Assumptions**

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following 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% to 11.00%
Investment Rate of Return	7.25%, net of pension plan investment expenses, including inflation
Discount Rate	7.25%
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	1.25%, compounded annually
PERA Benefit Structure Hired After December 31, 2006 (ad hoc, Substantively Automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> Post-retirement benefit increase 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.

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.

# Rocky Mountain Preparatory Schools

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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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

# Rocky Mountain Preparatory Schools

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### ***DPS Division Discount Rate***

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 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, 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.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- 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.

# Rocky Mountain Preparatory Schools

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- 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 DPS Division'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.

### ***School Division Discount Rate***

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 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, 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.
- 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.

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- 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 projection test indicates the School Division Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

### ***Sensitivity of RMPS’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% for both the DPS Division and School Division, 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 or one-percentage-point higher than the current rate.

	<b>1% Decrease (6.25)%</b>	<b>Current Discount Rate (7.25)%</b>	<b>1% Increase (8.25)%</b>
<b>RMPS - Denver</b>			
Proportionate share of the net pension liability (asset)	\$ 10,744,671	\$ 6,348,702	\$ 2,725,080
<b>RMPS - Aurora</b>			
Proportionate share of the net pension liability (asset)	\$ 11,288,082	\$ 8,625,705	\$ 6,402,349

# Rocky Mountain Preparatory Schools

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### ***Pension Plan Fiduciary Net Position***

Detailed information about both the DPS Division's and the School Division's fiduciary net position is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### ***Other Postemployment Benefits (OPEB) – Health Care Trust Funds***

#### **Summary of Significant Accounting Policies**

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

#### **General Information About the OPEB Plans**

*Plan description.* Eligible employees of RMP – Aurora are provided with OPEB through the HCTF, a cost-sharing multiple-employer defined benefit OPEB fund. Eligible employees of RMP – Denver are provided with OPEB through and the DPS HCTF. The HCTF and DPS HCTF are 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* The HCTF and DPS HCTF provide 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

# Rocky Mountain Preparatory Schools

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benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

### *PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

### *DPS Benefit Structure*

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

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

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

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Employer contributions are recognized by the HCTF and DPS HCTF in the period in which the compensation becomes payable to the member and the RMPS schools is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF and DPS HCTF from RMP – Denver and RMP – Aurora were \$133,220 and \$43,803, respectively, for the year ended June 30, 2023.

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

At June 30, 2023, RMP – Denver and RMP – Aurora reported liabilities of \$110,069 and \$293,711, respectively, for its proportionate share of the net OPEB liabilities. The net OPEB liability for the HCTF and DPS HCTF were measured as of December 31, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liabilities to December 31, 2022. The RMP – Denver and RMP – Aurora proportions of the net OPEB liabilities were based on their contributions to the HCTF and DPS HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF and DPS HCTF.

At December 31, 2022, the RMP – Denver’s proportion was 1.252%, which was a decrease of .034%, from its proportion measured as of December 31, 2021 and the RMP – Aurora’s proportion was 036%, which was an increase of 0.001%, from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, RMP – Denver and RMP – Aurora recognized OPEB expense of \$85,961 and \$86,790, respectively. At June 30, 2023, RMP – Denver and RMP – Aurora reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>RMP - Aurora</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 38	\$ 71,029
Changes of assumptions	4,721	32,417
Net difference between projected and actual earning on pension plan investments	17,939	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	141,037	-
Contribution subsequent to the measurement date	23,707	-
	\$ 187,442	\$ 103,446
Total		

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	<b>RMP - Denver</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 118,009
Changes of assumptions	-	52,611
Net difference between projected and actual earning on pension plan investments	62,405	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,171	11,971
Contribution subsequent to the measurement date	75,135	-
Total	\$ 151,711	\$ 182,591

\$23,707 and 75,135 for RMP – Aurora and RMP – Denver, respectively, 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:

<b>Year Ending June 30,</b>	<b>RMP - Aurora</b>
2024	\$ 32,958
2025	17,495
2026	13,489
2027	3,649
2028	(5,865)
Thereafter	(1,437)
	\$ 60,289

<b>Year Ending June 30,</b>	<b>RMP - Denver</b>
2024	\$ (36,739)
2025	(29,112)
2026	(13,119)
2027	1,483
2028	(17,566)
Thereafter	(10,962)
	\$ (106,015)

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*Actuarial assumptions.* The total OPEB liabilities in the December 31, 2021 actuarial valuations were 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	3.80% to 11.50%
Investment Rate of Return	7.25%, net of pension plan investment expenses, including inflation
Discount Rate	7.25%
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% for 2022, gradually increasing to 4.50% in 2030
DPS Benefit Structure	
Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	N/A
Medicare Part A Premiums	N/A

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.

# Rocky Mountain Preparatory Schools

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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%	1.5%
70	3%	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 older	0.0%	0.0%

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

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

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

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:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 School Division were based upon the PubT-2010 Employee 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 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.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

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

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

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 every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

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:

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

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

*Sensitivity of the proportionate share of the net OPEB liabilities to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liabilities 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 (6.25)%	Current Discount Rate (7.25)%	1% Decrease (8.25)%
<b>RMP - Aurora</b>			
Proportionate share of the net pension liability	\$ 340,497	\$ 293,711	\$ 253,693
<b>RMP - Denver</b>			
Proportionate share of the net pension liability	\$ 186,275	\$ 110,069	\$ 45,147

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

*Discount rate.* The discount rate used to measure the total OPEB liabilities 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF and 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 projection test indicates the HCTF's and DPS HCTF's fiduciary net position was projected 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 total OPEB liability. 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 proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liabilities calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liabilities 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:

	<b>1% Decrease (6.25)%</b>	<b>Current Discount Rate (7.25)%</b>	<b>1% Decrease (8.25)%</b>
<b>RMP - Aurora</b>			
Proportionate share of the net pension liability	\$ 340,497	\$ 293,711	\$ 253,693

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

	1% Decrease (6.25)%	Current Discount Rate (7.25)%	1% Decrease (8.25)%
<b>RMP - Denver</b> Proportionate share of the net pension liability	\$ 186,275	\$ 110,069	\$ 45,147

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

### ***Taxable Pension Certificates of Participation (PCOPs)***

The District issued Taxable Pension Certificates of Participation (PCOP) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the plan. RMP – Denver contributed 8.20%, 9.68%, and 8.67% of covered payroll for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, to the District to cover its obligation relating to the PCOP. During the fiscal years ended June 30, 2023, 2022, and 2021, RMP – Denver made contributions totaling \$1,091,947, \$897,772, and \$813,130 to the District toward its PCOP obligation.

### ***Defined Contribution Pension Plan***

#### **Voluntary Investment Program (PERAPlus 401(k) Plan)**

*Plan Description* – Employees of RMPS may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the PERA Plus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The PERA Plus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. RMPS does not offer an employer match and employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$54,416.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 9: Long-term Debt

Following is a summary of RMPS’s long-term debt transactions for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
Direct borrowings					
CSGF Facility Fund III LLC	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
Low Income Investment Fund	4,210,654	-	(4,210,654)	-	-
Colorado Facility Solutions	500,000	-	(500,000)	-	-
	<u>5,010,654</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Total long-term debt from direct borrowings	<u>\$ 5,010,654</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>

#### **CSGF Facility Fund III LLC**

RMP – Denver obtained (via RMP Berkeley Facility LLC) a loan of \$1,600,000 to support the acquisition of a facility project to be occupied by a future charter school. \$1,000,000 of this loan was refinanced with the proceeds from the loan from Colorado Facility Solutions, described below. The loan bears an interest rate of 2.75% per annum and required two equal payments of principal and interest on January 1, 2021 and January 1, 2023. This loan was paid in full during the year.

#### **Low Income Investment Fund**

RMP – Denver obtained (via RMP Berkeley Facility LLC) a loan of \$4,250,000 to support the acquisition of a facility project to be occupied by a future charter school. The loan bears an interest rate of 5.24% per annum through February 28, 2022 and 5.99% thereafter. The loan required monthly interest payments through March 1, 2022, and then amortizes the outstanding principal up to the maturity date of March 1, 2044. If an event of default occurs, the lender may, by written notice to the school, declare the note and any and all other indebtedness of the school to the lender to be immediately due and payable. The lender shall have such other remedies in respect of the collateral as are specified in the mortgage and the assignment of leases and rents. This loan was paid in full during the year.

#### **Colorado Facility Solutions**

RMPS obtained (via RMP Berkeley Facility LLC) a loan of \$1,000,000 to support the acquisition of a facility project to be occupied by a future charter school. The loan bears an interest rate of 2.75% per annum and required two equal payments of principal and interest on January 1, 2021 and January 1, 2023. If an event of default occurs, Colorado Facility Solutions may, by written notice to RMPS, declare the note, and any and all other indebtedness of RMPS to Colorado Facility Solutions, immediately due and payable, whether or not the note or the other indebtedness shall be otherwise due and payable and whether or not Colorado Facility Solutions shall have initiated any other action for the collection of the note; whereupon the note and such other indebtedness shall become due and payable, as to the principal, interest, and any other amounts payable, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by RMPS. In addition, Colorado Facility Solutions may pursue any and all remedies available to it at law or in equity for the collection of the note and enforcement of the provisions in the loan agreement. This loan was paid in full during the year.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 10: NST Management Fees

The charter schools have adopted and approved the payment of management fees paid to the NST of approximately 12% of estimated revenues. For the year ended June 30, 2023, the NST recorded \$2,747,259 in management income received from RMPS. The fees are paid to account for the services provided in the areas of operations, finance and accounting, marketing, staff recruitment, human resources, student recruitment and enrollment.

### Note 11: Commitments, Contingencies and Compliance

#### *Facility Use Agreements*

RMPS entered into several facility use agreements with Districts for use of a District school building for the 2022-2023 school year. The District will charge RMPS per pupil to cover these costs. The cost per student will be recalculated by the District each year. RMPS paid \$1,191,955 under the terms of these agreements for the year ended June 30, 2023.

#### *Federal and State Programs*

RMPS participate 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, RMPS may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited, but RMPS believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of RMPS.

#### *Tabor Amendment*

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. RMPS believes it has complied with the Amendment. As required by the Amendment, RMPS has established a reserve for emergencies. At June 30, 2023, the reserve of \$1,070,119 was recorded as a restriction of fund balance/net position.

#### *Claims and Judgments*

RMPS is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a materially adverse effect on the financial statements. In addition, federal and state grants are subject to audit which could result in disallowed costs, the amount of which is undeterminable at June 30, 2023. If any costs are disallowed in the future, management expects them to be insignificant.

# Rocky Mountain Preparatory Schools

## Notes to Financial Statements

June 30, 2023

### Note 12: Building Corporation Dissolution – Restatement

The beginning RMP – Denver fund balance has been restated for the dissolution of the Building Corporation which under GASB 69 requires the Building Corporation activity to be recorded as a part of the RMP – Denver general fund as of the beginning of the fiscal year as noted below.

	<u>Restatement</u>
Building Fund - Internal Service Fund, net position as of July 1, 2022	\$ 1,042,418
Less capital assets as of July 1, 2022	(5,518,833)
Plus long-term liabilities, including accrued interest as of July 1, 2022	<u>5,036,597</u>
Restatement amount	<u><u>\$ 560,182</u></u>

### Note 13: Implementation of New Accounting Standard

Effective July 1, 2022, RMPS implemented GASB 96, *Subscription-Based Information Technology Arrangements* (Statement No. 96). Statement No. 96 requires governments to report a subscription asset and subscription liability and to disclose essential information about the arrangement. The adoption of Statement No. 96 had no impact on beginning net position or fund balance at July 1, 2022 or on the financial statements of RMPS as of and for the year ended June 30, 2023.

### Note 14: Subsequent Events

Effective July 1, 2023, Rocky Mountain Preparatory Schools merged with Strive Preparatory Schools resulting in a unified charter public school system. Strive Preparatory Schools is the surviving legal entity structure but will continue under the name Rocky Mountain Preparatory Schools.

## **Audited Supplementary Information**

# Rocky Mountain Preparatory Schools

## Combining Balance Sheet and Statement of Net Position

### June 30, 2023

	DPS		DPS		DPS		DPS		DPS		Total	
	General	Fund	Adjustments	Statement of Net Position	General	Fund	Adjustments	Statement of Net Position	General	Fund	Adjustments	Statement of Net Position
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$ 6,515,204	\$ -	\$ -	\$ 6,515,204	\$ 5,124,141	\$ -	\$ -	\$ 5,124,141	\$ 11,639,345	\$ -	\$ -	\$ 11,639,345
Prepaid items	24,968	-	-	24,968	14,898	-	-	14,898	39,866	-	-	39,866
Accounts receivable	1,770,407	-	-	1,770,407	253,364	-	-	253,364	2,023,771	-	-	2,023,771
Total current assets	8,310,579	-	-	8,310,579	5,392,403	-	-	5,392,403	13,702,982	-	-	13,702,982
<b>Noncurrent Assets</b>												
Capital assets not being depreciated	-	3,940,000	3,940,000	3,940,000	-	-	-	-	-	-	3,940,000	3,940,000
Capital assets being depreciated, net	-	1,630,432	1,630,432	1,630,432	-	-	-	-	-	-	1,630,432	1,630,432
Total assets	8,310,579	5,570,432	5,570,432	13,881,011	5,392,403	-	-	5,392,403	13,702,982	5,570,432	5,570,432	19,273,414
<b>Deferred Outflows of Resources</b>												
OPEB	-	151,711	151,711	151,711	-	-	187,442	187,442	-	-	339,153	339,153
Pensions	-	4,509,357	4,509,357	4,509,357	-	-	2,629,692	2,629,692	-	-	7,139,049	7,139,049
Total deferred outflows of resources	-	4,661,068	4,661,068	4,661,068	-	-	2,817,134	2,817,134	-	-	7,478,202	7,478,202

# Rocky Mountain Preparatory Schools

## Combining Balance Sheet and Statement of Net Position (continued)

### June 30, 2023

	DPS General Fund	DPS Adjustments	DPS Statement of Net Position	APS General Fund	APS Adjustments	APS Statement of Net Position	Total General Fund	Total Adjustments	Total Statement of Net Position
<b>Liabilities and Fund Balance/Net Position</b>									
<b>Current Liabilities</b>									
Accounts payable	720,835	-	720,835	187,529	-	187,529	908,364	-	908,364
Unearned revenues	58,121	-	58,121	25,211	-	25,211	83,332	-	83,332
Total current liabilities	778,956	-	778,956	212,740	-	212,740	991,696	-	991,696
<b>Noncurrent Liabilities</b>									
Net OPEB liabilities	-	110,069	110,069	-	293,711	293,711	-	403,780	403,780
Net pension liabilities	-	6,348,702	6,348,702	-	8,625,705	8,625,705	-	14,974,407	14,974,407
Total noncurrent liabilities	-	6,458,771	6,458,771	-	8,919,416	8,919,416	-	15,378,187	15,378,187
Total liabilities	778,956	6,458,771	7,237,727	212,740	8,919,416	9,132,156	991,696	15,378,187	16,369,883
<b>Deferred Inflows of Resources</b>									
OPEB	-	182,591	182,591	-	103,446	103,446	-	286,037	286,037
Pensions	-	1,792,310	1,792,310	-	1,028,783	1,028,783	-	2,821,093	2,821,093
Total deferred inflows of resources	-	1,974,901	1,974,901	-	1,132,229	1,132,229	-	3,107,130	3,107,130
<b>Fund Balance</b>									
Nonspendable	24,968	(24,968)	-	14,898	(14,898)	-	39,866	(39,866)	-
Restricted for emergency reserve - TABOR	624,104	(624,104)	-	289,990	(289,990)	-	914,094	(914,094)	-
Unassigned	6,882,551	(6,882,551)	-	4,874,775	(4,874,775)	-	11,757,326	(11,757,326)	-
Total fund balance	7,531,623	(7,531,623)	-	5,179,663	(5,179,663)	-	12,711,286	(12,711,286)	-
Total liabilities and fund balance	\$ 8,310,579			\$ 5,392,403			\$ 13,702,982		
<b>Net Position</b>									
Net investment in capital assets		5,570,432	5,570,432		-	-		5,570,432	5,570,432
Restricted for emergency reserve - TABOR		624,104	624,104		289,990	289,990		914,094	914,094
Unrestricted		3,134,915	3,134,915		(2,344,838)	(2,344,838)		790,077	790,077
Total net position		\$ 9,329,451	\$ 9,329,451		\$ (2,054,848)	\$ (2,054,848)		\$ 7,274,603	\$ 7,274,603

# Rocky Mountain Preparatory Schools

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities

### Year Ended June 30, 2023

	DPS		DPS		DPS		APS		APS		Total	
	General	Adjustments	Statement of	General	Adjustments	Statement of	General	Adjustments	Statement of	General	Adjustments	Total
	Fund		Activities	Fund		Activities	Fund		Activities	Fund		Statement of
												Activities
<b>Revenues</b>												
General revenues												
Per pupil revenue and preschool funding	\$ 12,404,042	\$ -	\$ 12,404,042	\$ 5,911,809	\$ -	\$ 5,911,809	\$ 18,315,851	\$ -	\$ 18,315,851	\$ -	\$ -	\$ 18,315,851
Mill levy override	3,327,743	-	3,327,743	1,531,685	-	1,531,685	4,859,428	-	4,859,428	-	-	4,859,428
Program revenues												
Federal revenue	3,019,990	-	3,019,990	1,321,509	-	1,321,509	4,341,499	-	4,341,499	-	-	4,341,499
Other state	1,228,901	9,820	1,238,721	923,832	81,239	1,005,071	2,152,733	91,059	2,243,792	-	-	2,243,792
Private grants and contributions	3,994,607	-	3,994,607	1,353,192	-	1,353,192	5,347,799	-	5,347,799	-	-	5,347,799
Investment income	88,489	-	88,489	94,291	-	94,291	182,780	-	182,780	-	-	182,780
All other local revenues	429,401	-	429,401	112,328	-	112,328	541,729	-	541,729	-	-	541,729
Total revenues	24,493,173	9,820	24,502,993	11,248,646	81,239	11,329,885	35,741,819	91,059	35,832,878			
<b>Expenditures/Expenses</b>												
Program	14,714,352	(40,067)	14,674,285	6,462,521	943,747	7,406,268	21,176,873	903,680	22,080,553			
Supporting services	9,631,309	47,012	9,678,321	4,450,711	530,857	4,981,568	14,082,020	577,869	14,659,889			
Debt service - principal	5,010,654	(5,010,654)	-	-	-	-	5,010,654	(5,010,654)	-			
Debt service - interest	273,667	(25,943)	247,724	-	-	-	273,667	(25,943)	247,724			
Total expenditures/expenses	29,629,982	(5,029,652)	24,600,330	10,913,232	1,474,604	12,387,836	40,543,214	(3,555,048)	36,988,166			
<b>NST Allocation Change</b>	302,135	-	302,135	(302,135)	-	(302,135)	-	-	-			
<b>Change in Fund Balance/Net Position</b>	(4,834,674)	5,039,472	204,798	33,279	(1,393,365)	(1,360,086)	(4,801,395)	3,646,107	(1,155,288)			
<b>Fund Balance/Net Position - July 1, 2022</b>	11,806,115	(2,681,462)	9,124,653	5,146,384	(5,841,146)	(694,762)	16,952,499	(8,522,608)	8,429,891			
<b>Restatement for GASB 69 Combination</b>	560,182	(560,182)	-	-	-	-	560,182	(560,182)	-			
<b>Fund Balance/Net Position - Beginning, as Restated</b>	12,366,297	(3,241,644)	9,124,653	5,146,384	(5,841,146)	(694,762)	17,512,681	(9,082,790)	8,429,891			
<b>Fund Balance/Net Position - June 30, 2023</b>	\$ 7,531,623	\$ 1,797,828	\$ 9,329,451	\$ 5,179,663	\$ (7,234,511)	\$ (2,054,848)	\$ 12,711,286	\$ (5,436,683)	\$ 7,274,603			

## **Required Supplementary Information**

# Rocky Mountain Preparatory Schools

## Schedule of RMPS's Proportionate Share of the Net Pension Liability

### Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>RMPS - Denver</b>										
School's proportion of the net pension liability (assets)	0.732%	1.003%	1.248%	0.786%	0.621%	0.681%	0.550%	0.461%	0.274%	0.179%
School's proportionate share of the net pension liability (assets)	\$ 6,348,702	\$ 59,872	\$ 5,614,517	\$ 5,181,401	\$ 6,351,741	\$ 6,105,982	\$ 6,025,849	\$ 3,748,379	\$ 1,712,357	\$ 929,887
State's proportionate share of the net pension liability (assets)	4,517,158	17,576	-	2,296,288	3,290,813	-	-	-	-	-
Total	\$ 10,865,860	\$ 77,448	\$ 5,614,517	\$ 7,477,689	\$ 9,642,554	\$ 6,105,982	\$ 6,025,849	\$ 3,748,379	\$ 1,712,357	\$ 929,887
School's covered payroll	\$ 10,726,360	\$ 10,862,819	\$ 9,827,399	\$ 8,507,559	\$ 6,263,034	\$ 4,611,104	\$ 3,630,803	\$ 2,197,174	\$ 1,241,868	\$ 975,068
School's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	59.2%	0.6%	57.1%	60.9%	101.4%	132.4%	166.0%	170.6%	137.9%	95.4%
Plan fiduciary net position as a percentage of the total pension liability	81.9%	99.9%	90.1%	84.7%	75.7%	79.5%	74.1%	79.3%	83.9%	86.3%

	2023	2022	2021	2020	2019	2018	2017
<b>RMPS - Aurora</b>							
School's proportion of the net pension liability (assets)	0.047%	0.054%	0.059%	0.037%	0.024%	0.014%	0.004%
School's proportionate share of the net pension liability (assets)	\$ 8,625,705	\$ 6,292,849	\$ 8,862,895	\$ 5,545,128	\$ 4,232,211	\$ 4,430,368	\$ 1,216,811
State's proportionate share of the net pension liability (assets)	2,513,617	721,395	-	703,329	578,696	-	-
Total	\$ 11,139,322	\$ 7,014,244	\$ 8,862,895	\$ 6,248,457	\$ 4,810,907	\$ 4,430,368	\$ 1,216,811
School's covered payroll	\$ 3,650,396	\$ 3,379,490	\$ 3,133,526	\$ 2,177,364	\$ 1,313,981	\$ 632,004	\$ 76,427
School's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	236.3%	186.2%	282.8%	254.7%	322.1%	701.0%	1592.1%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	39.4%	67.0%	64.5%	57.0%	44.0%	43.1%

\* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

# Rocky Mountain Preparatory Schools

## Schedule of RMPS Pension Contributions

### Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>RMPS - Denver</b>										
Contractually required contributions	\$ 1,184,544	\$ 846,211	\$ 700,694	\$ 491,738	\$ 338,822	\$ 187,891	\$ 94,138	\$ 51,724	\$ 50,736	\$ 60,955
Contributions in relation to the contractually required contribution	<u>1,184,544</u>	<u>846,211</u>	<u>700,694</u>	<u>491,738</u>	<u>338,822</u>	<u>187,891</u>	<u>94,138</u>	<u>51,724</u>	<u>50,736</u>	<u>60,955</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 13,060,785	\$ 10,862,819	\$ 9,827,399	\$ 8,507,559	\$ 6,263,034	\$ 4,611,104	\$ 3,630,803	\$ 2,197,174	\$ 1,241,868	\$ 975,068
Contributions as a percentage of covered-employee payroll	9.07%	7.79%	7.13%	5.78%	5.41%	4.07%	2.59%	2.35%	4.09%	6.25%
<b>RMPS - Aurora</b>										
Contractually required contributions	\$ 874,115	\$ 671,842	\$ 615,467	\$ 419,990	\$ 241,365	\$ 117,742	\$ 13,856			
Contributions in relation to the contractually required contribution	<u>874,115</u>	<u>671,842</u>	<u>615,467</u>	<u>419,990</u>	<u>241,365</u>	<u>117,742</u>	<u>13,856</u>			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
School's covered payroll	\$ 4,294,443	\$ 3,379,490	\$ 3,133,526	\$ 2,177,364	\$ 1,313,981	\$ 632,004	\$ 76,427			
Contributions as a percentage of covered-employee payroll	20.35%	19.88%	19.64%	19.29%	18.37%	18.63%	18.13%			

\* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

# Rocky Mountain Preparatory Schools

## Schedule of Changes in the Net OPEB Liability and Schedule of RMPS's Contributions

### Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
<b>RMPS - Denver</b>							
Proportion of the net OPEB liability	1.252%	1.286%	1.248%	1.135%	0.943%	0.678%	N/A
Proportionate share of the net OPEB liability	\$ 110,069	\$ 135,255	\$ 285,683	\$ 418,073	\$ 425,798	\$ 345,742	\$ 105,073
School's covered payroll	\$ 10,726,360	\$ 10,862,819	\$ 9,827,399	\$ 8,507,559	\$ 6,263,035	\$ 4,611,104	\$ 3,630,803
Plan fiduciary net position as a percentage of the total OPEB liability	1.03%	3.74%	8.72%	14.74%	6.80%	N/A	N/A
Net OPEB liability (asset) as a percentage of covered-employee payroll	85.60%	83.93%	65.43%	46.98%	17.03%	17.53%	16.72%
Contractually required contributions	\$ 133,220	\$ 110,800	\$ 100,240	\$ 86,777	\$ 68,818	\$ 47,033	\$ 37,034
Contributions in relation to the contractually required contribution	133,220	110,800	100,240	86,777	68,818	47,033	37,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 13,060,785	\$ 10,862,819	\$ 9,827,399	\$ 8,507,559	\$ 6,263,035	\$ 4,611,104	\$ 3,630,803
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%	1.02%	1.10%	1.02%	1.02%
<b>RMPS - Aurora</b>							
Proportion of the net OPEB liability	0.036%	0.035%	0.034%	0.024%	0.016%	0.008%	0.002%
Proportionate share of the net OPEB liability	\$ 293,711	\$ 304,450	\$ 321,986	\$ 272,183	\$ 211,373	\$ 101,171	\$ 30,118
School's covered payroll	\$ 3,650,396	\$ 3,379,490	\$ 3,133,526	\$ 2,177,364	\$ 1,313,981	\$ 632,004	\$ 76,426
Plan fiduciary net position as a percentage of the total OPEB liability	8.05%	8.13%	10.28%	12.50%	16.09%	16.01%	39.41%
Net OPEB liability (asset) as a percentage of covered-employee payroll	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%
Contractually required contributions	\$ 43,803	\$ 39,081	\$ 31,962	\$ 22,209	\$ 13,403	\$ 6,446	\$ 1,871
Contributions in relation to the contractually required contribution	43,803	39,081	31,962	22,209	13,403	6,446	1,871
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 4,294,443	\$ 3,379,490	\$ 3,133,526	\$ 2,177,364	\$ 1,313,981	\$ 632,004	\$ 76,426
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.00%	2.40%

\* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the Accompanying Notes to the Required Supplementary Information

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – RMPS**  
**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Between Final Budget and Actual</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Per pupil revenue and preschool funding	\$ 16,728,685	\$ 18,315,851	\$ 18,315,851	\$ -
Mill levy override	2,986,783	4,814,826	4,859,428	44,602
Grants and contributions	9,012,983	10,549,348	11,842,031	1,292,683
All other local revenues	3,779,140	2,844,426	724,509	(2,119,917)
Proceeds from long-term debt	-	5,010,654	-	(5,010,654)
	<u>32,507,591</u>	<u>41,535,105</u>	<u>35,741,819</u>	<u>(5,793,286)</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Payroll	19,937,540	25,693,655	23,908,654	1,785,001
Books, supplies, and equipment	4,768,802	6,295,341	6,390,582	(95,241)
Services and other operating expenses	8,212,519	4,420,880	4,959,657	(538,777)
Debt service - principal	-	5,320,484	5,284,321	36,163
	<u>32,918,861</u>	<u>41,730,360</u>	<u>40,543,214</u>	<u>1,187,146</u>
<b>Total expenditures</b>				
<b>Change in Fund Balance</b>	<u>\$ (411,270)</u>	<u>\$ (195,255)</u>	(4,801,395)	<u>\$ (4,606,140)</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>17,512,681</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ 12,711,286</u>	

# Rocky Mountain Preparatory Schools

## Notes to Required Supplementary Information

June 30, 2023

### **Note 1: Schedule of RMPS's Proportionate Share of the Net Pension Liability**

The schedule presents information on RMPS's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with RMPS. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. In the future, as data becomes available, 10 years of information will be presented.

### **Note 2: Schedule of RMPS's Contributions**

The schedule presents information on RMPS's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

### **Note 3: Schedule of Changes in the Net OPEB Liability and Schedule of RMPS's Contributions**

This schedule is intended to show trends about the changes in RMPS's OPEB liability and required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

### **Note 4: Schedule of Revenue, Expenditures, and Changes in Fund Balance – General Fund – Budget to Actual**

A budgetary comparison is presented for the RMPS general fund that has a legally adopted annual budget. This schedule presents the budget as originally adopted, the revised budget as of the fiscal yearend, actual amounts at fiscal year-end in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The information on these schedules are presented in accordance with the requirements of the State of Colorado. Expenditures may not legally exceed appropriations at the fund level.

## **Other Supplementary Information**

# Rocky Mountain Preparatory Schools

## Combining Balance Sheet by Location

### June 30, 2023

	DPS NST Allocation	Rocky Mountain Preparatory Creekside	Rocky Mountain Preparatory Southwest	Rocky Mountain Preparatory Berkeley	Total DPS	APS NST Allocation	Rocky Mountain Preparatory Fletcher (APS)	Total APS	Total
<b>Assets</b>									
<b>Current Assets</b>									
Cash	\$ (104,057)	\$ 5,422,812	\$ 3,093,320	\$ (1,896,871)	\$ 6,515,204	\$ (53,605)	\$ 5,177,746	\$ 5,124,141	\$ 11,639,345
Prepaid items	23,678	540	-	750	24,968	12,198	2,700	14,898	39,866
Accounts receivable	34,117	863,701	469,816	402,773.00	1,770,407	17,576	235,788	253,364	2,023,771
Total current assets	(46,262)	6,287,053	3,563,136	(1,493,348)	8,310,579	(23,831)	5,416,234	5,392,403	13,702,982
Total assets	<u>(46,262)</u>	<u>6,287,053</u>	<u>3,563,136</u>	<u>(1,493,348)</u>	<u>8,310,579</u>	<u>(23,831)</u>	<u>5,416,234</u>	<u>5,392,403</u>	<u>13,702,982</u>
<b>Liabilities and Fund Balances</b>									
<b>Current Liabilities</b>									
Accounts payable	\$ 66,110	\$ 323,674	\$ 153,485	\$ 177,566	\$ 720,835	\$ 34,058	\$ 153,471	\$ 187,529	\$ 908,364
Unearned revenues	48,939	-	-	9,182	58,121	25,211	-	25,211	83,332
Total current liabilities	115,049	323,674	153,485	186,748	778,956	59,269	153,471	212,740	991,696
Total liabilities	115,049	323,674	153,485	186,748	778,956	59,269	153,471	212,740	991,696
<b>Fund Balance</b>									
Nonspendable	23,678	540	-	750	24,968	12,198	2,700	14,898	39,866
Restricted for emergency reserve - TABOR	17,502	266,578	183,861	156,163	624,104	9,015	280,975	289,990	914,094
Unassigned	(202,491)	5,696,261	3,225,790	(1,837,009)	6,882,551	(104,313)	4,979,088	4,874,775	11,757,326
Total fund balance	(161,311)	5,963,379	3,409,651	(1,680,096)	7,531,623	(83,100)	5,262,763	5,179,663	12,711,286
Total liabilities and fund balance	<u>(46,262)</u>	<u>6,287,053</u>	<u>3,563,136</u>	<u>(1,493,348)</u>	<u>8,310,579</u>	<u>(23,831)</u>	<u>5,416,234</u>	<u>5,392,403</u>	<u>13,702,982</u>

# Rocky Mountain Preparatory Schools

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Location

### Year Ended June 30, 2023

	DPS-NST Admin Allocation	Rocky Mountain Preparatory Creekside	Rocky Mountain Preparatory Southwest	Rocky Mountain Preparatory Berkeley	Eliminations	Total DPS	APS-NST Admin Allocation	Rocky Mountain Preparatory Fletcher (APS)	Eliminations	Total APS	Total
<b>Revenues</b>											
General revenues											
Per pupil revenue and preschool funding	\$ -	\$ 5,859,930	\$ 3,646,058	\$ 2,898,054	\$ -	\$ 12,404,042	\$ -	\$ 5,911,809	\$ -	\$ 5,911,809	\$ 18,315,851
Mill levy override	-	1,582,008	1,099,054	646,681	-	3,327,743	-	1,531,685	-	1,531,685	4,859,428
Program revenues											
Federal revenue	-	1,400,037	1,163,078	456,875	-	3,019,990	-	1,321,509	-	1,321,509	4,341,499
Other state	85,141	500,283	351,853	291,624	-	1,228,901	43,861	879,971	-	923,832	2,152,733
Private grants and contributions	440,243	1,129,865	1,129,800	1,294,699	-	3,994,607	226,792	1,126,400	-	1,353,192	5,347,799
Investment income	88,489	-	-	-	-	88,489	45,585	48,706	-	94,291	182,780
NST management fee	1,860,588	-	-	-	(1,860,588)	-	886,771	(886,771)	-	-	-
All other local revenues	50,165	85,519	57,785	235,932	-	429,401	25,843	86,485	-	112,328	541,729
Total revenues	2,524,626	10,557,642	7,447,628	5,823,865	(1,860,588)	24,493,173	1,228,852	10,906,565	(886,771)	11,248,646	35,741,819
<b>Expenditures/Expenses</b>											
Program expenses	71,947	7,048,808	4,022,274	3,571,323	-	14,714,352	37,064	6,425,457	-	6,462,521	21,176,873
Supporting services	3,737,814	2,962,308	1,975,480	2,816,295	(1,860,588)	9,631,309	1,925,540	3,411,942	(886,771)	4,450,711	14,082,020
Debt service	5,284,321	-	-	-	-	5,284,321	-	-	-	-	5,284,321
Total expenditures/expenses	9,094,082	10,011,116	5,997,754	6,387,618	(1,860,588)	29,629,982	1,962,604	9,837,399	(886,771)	10,913,232	40,543,214
<b>NST Allocation Change</b>	302,135	-	-	-	-	302,135	(302,135)	-	-	(302,135)	-
<b>Change in Fund Balance</b>	(6,267,321)	546,526	1,449,874	(563,753)	-	(4,834,674)	(1,035,887)	1,069,166	-	33,279	(4,801,395)
<b>Fund Balance - July 1, 2022</b>	5,545,828	5,416,853	1,959,777	(1,116,343)	-	11,806,115	952,787	4,193,597	-	5,146,384	16,952,499
<b>Restatement for Building Corporation Dissolution</b>	560,182	-	-	-	-	560,182	-	-	-	-	560,182
<b>Fund Balance - July 1, 2022, as Restated</b>	6,106,010	5,416,853	1,959,777	(1,116,343)	-	12,366,297	952,787	4,193,597	-	5,146,384	17,512,681
<b>Fund Balance - June 30, 2023</b>	(161,311)	5,963,379	3,409,651	(1,680,096)	-	7,531,623	(83,100)	5,262,763	-	5,179,663	12,711,286

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – NST**  
**Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Between Final Budget and Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
NST management fee	\$ -	\$ -	\$ 2,747,359	\$ 2,747,359
Grants and contributions	300,000	866,846	796,037	(70,809)
All other local revenues	2,925,813	3,294,133	210,082	(3,084,051)
Proceeds from long-term debt	-	5,010,654	-	(5,010,654)
Total revenues	<u>3,225,813</u>	<u>9,171,633</u>	<u>3,753,478</u>	<u>(5,418,155)</u>
<b>Expenditures</b>				
Payroll	2,340,153	3,640,171	3,469,150	171,021
Books, supplies, and equipment	704,600	1,975,557	2,099,332	(123,775)
Services and other operating expenses	210,000	168,656	203,883	(35,227)
Debt service - principal	-	5,320,484	5,284,321	36,163
Total expenditures	<u>3,254,753</u>	<u>11,104,868</u>	<u>11,056,686</u>	<u>48,182</u>
<b>Change in Fund Balance</b>	<u>\$ (28,940)</u>	<u>\$ (1,933,235)</u>	(7,303,208)	<u>\$ (5,369,973)</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>7,058,797</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ (244,411)</u>	

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – Creekside**  
**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Between Final Budget and Actual</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Per pupil revenue and preschool funding	\$ 5,200,096	\$ 5,859,930	\$ 5,859,930	\$ -
Mill levy override	940,733	1,571,643	1,582,008	10,365
Grants and contributions	2,800,957	2,693,778	3,036,535	342,757
All other local revenues	426,664	530,049	79,169	(450,880)
Total revenues	<u>9,368,450</u>	<u>10,655,400</u>	<u>10,557,642</u>	<u>(97,758)</u>
<b>Expenditures</b>				
Payroll	5,709,354	7,327,043	6,878,112	448,931
Books, supplies, and equipment	1,284,249	1,303,470	1,402,536	(99,066)
Services and other operating expenses	2,384,401	1,907,998	1,730,468	177,530
Total expenditures	<u>9,378,004</u>	<u>10,538,511</u>	<u>10,011,116</u>	<u>527,395</u>
<b>Change in Fund Balance</b>	<u>\$ (9,554)</u>	<u>\$ 116,889</u>	546,526	<u>\$ 429,637</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>5,416,853</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ 5,963,379</u>	

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – Southwest**  
**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Between Final Budget and Actual</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Per pupil revenue and preschool funding	\$ 3,510,022	\$ 3,646,058	\$ 3,646,058	\$ -
Mill levy override	637,550	1,099,065	1,099,054	(11)
Grants and contributions	1,813,908	2,449,499	2,647,029	197,530
All other local revenues	-	437,676	55,487	(382,189)
Total revenues	<u>5,961,480</u>	<u>7,632,298</u>	<u>7,447,628</u>	<u>(184,670)</u>
<b>Expenditures</b>				
Payroll	3,395,780	3,952,694	3,691,448	261,246
Books, supplies, and equipment	815,507	978,112	956,419	21,693
Services and other operating expenses	1,543,150	1,369,575	1,349,887	19,688
Total expenditures	<u>5,754,437</u>	<u>6,300,381</u>	<u>5,997,754</u>	<u>302,627</u>
<b>Change in Fund Balance</b>	<u>\$ 207,043</u>	<u>\$ 1,331,917</u>	1,449,874	<u>\$ 117,957</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>1,959,777</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ 3,409,651</u>	

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – Berkeley**  
**Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Between Final Budget and Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Per pupil revenue and preschool funding	\$ 2,536,141	\$ 2,898,055	\$ 2,898,054	\$ (1)
Mill levy override	467,768	612,433	646,681	34,248
Grants and contributions	1,497,161	1,946,321	2,072,122	125,801
All other local revenues	-	479,105	207,008	(272,097)
Total revenues	<u>4,501,070</u>	<u>5,935,914</u>	<u>5,823,865</u>	<u>(112,049)</u>
<b>Expenditures</b>				
Payroll	2,865,806	4,267,010	4,050,690	216,320
Books, supplies, and equipment	679,858	885,712	1,012,876	(127,164)
Services and other operating expenses	<u>1,622,807</u>	<u>1,213,110</u>	<u>1,324,052</u>	<u>(110,942)</u>
Total expenditures	<u>5,168,471</u>	<u>6,365,832</u>	<u>6,387,618</u>	<u>(21,786)</u>
<b>Change in Fund Balance</b>	<u>\$ (667,401)</u>	<u>\$ (429,918)</u>	(563,753)	<u>\$ (133,835)</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>(1,116,343)</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ (1,680,096)</u>	

**Rocky Mountain Preparatory Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund – Budget to Actual – Fletcher**  
**Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Between Final Budget and Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Per pupil revenue and preschool funding	\$ 5,482,426	\$ 5,911,809	\$ 5,911,809	\$ -
Mill levy override	940,733	1,531,685	1,531,685	-
Grants and contributions	2,600,957	2,592,904	3,376,586	783,682
All other local revenues	426,664	879,145	86,485	(792,660)
Total revenues	<u>9,450,780</u>	<u>10,915,543</u>	<u>10,906,565</u>	<u>(8,978)</u>
<b>Expenditures</b>				
Payroll	5,626,447	6,506,737	5,819,254	687,483
Books, supplies, and equipment	1,284,588	1,152,490	919,419	233,071
Services and other operating expenses	2,452,161	2,537,222	3,098,726	(561,504)
Total expenditures	<u>9,363,196</u>	<u>10,196,449</u>	<u>9,837,399</u>	<u>359,050</u>
<b>Change in Fund Balance</b>	<u>\$ 87,584</u>	<u>\$ 719,094</u>	1,069,166	<u>\$ 350,072</u>
<b>Fund Balance - July 1, 2022, as Restated</b>			<u>4,193,597</u>	
<b>Fund Balance - June 30, 2023</b>			<u>\$ 5,262,763</u>	

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

Board of Directors  
Rocky Mountain Preparatory Schools  
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, and the general fund of Rocky Mountain Preparatory Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rocky Mountain Preparatory Schools' basic financial statements, and have issued our report thereon dated November 15, 2023. We have also audited the financial statements of the governmental activities and the general funds of RMP – Denver (a component unit of School District Number 1 in the City and County of Denver, Colorado [Denver Public Schools or DPS]) and RMP – Aurora (a component unit of Joint School District Number 28-J of the Counties of Adams and Arapahoe, Colorado [Aurora Public Schools or APS]) as of and for the year ended June 30, 2023, as displayed in Rocky Mountain Preparatory Schools' audited supplementary information as listed in the table of contents, and have issued our report thereon dated November 15, 2023.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Rocky Mountain Preparatory Schools' 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 Rocky Mountain Preparatory Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Rocky Mountain Preparatory Schools' internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors  
Rocky Mountain Preparatory Schools

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Rocky Mountain Preparatory Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS,LLP**

Denver, Colorado  
November 15, 2023