

RIDGEVIEW CLASSICAL SCHOOLS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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**RIDGEVIEW CLASSICAL SCHOOLS
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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ridgeview Classical Schools
Fort Collins, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ridgeview Classical Schools (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

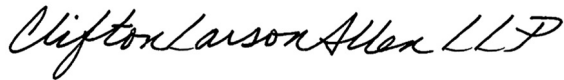
In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balances – budget and actual – General Fund, schedule of revenues, expenditures, and changes in fund balances – budget and actual – RCS Building Corporation, schedule of the School's proportionate share of the net pension liability, schedule of pension contributions and related ratios, schedule of the School's proportionate share of the net OPEB liability, and schedule of OPEB contributions and related ratios 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.



CliftonLarsonAllen LLP

Broomfield, Colorado
September 28, 2023

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended June 30, 2023, through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- Total revenues received were approximately \$9.2 million. The per-pupil revenue was approximately \$7.8 million, which is approximately an 7.84% (\$567,033 increase from the prior year.
- The per pupil revenue reflected in these statements include the approximate 2% (\$128,396) or \$181.32/pupil that is withheld by Poudre School District for general administration services as well as \$74,351 (\$105/pupil) for special education administration services purchased from Poudre School District by Ridgeview Classical Schools (the School).
- The Schools' overall expenses increased in fiscal year 2023 as compared to fiscal year 2022, an overall increase of approximately 94.28%. The total cost, including instructional, operational, and general administration was approximately \$8.4 million, which is approximately \$0.8 million less than revenues received.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular Ridgeview Classical Schools' (the "School") Board of Directors, and for the general public. The report consists of two parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements which provide additional and more detailed information. The School also includes in this report required supplementary information.

Government-Wide Financial Statements

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

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

The *statement of activities* demonstrates the School's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The government-wide financial statements include not only Ridgeview Classical Schools itself (known as the *primary government*), but also a blended component unit of the School. Financial information for RCS Building Corporation (RCSBC), a legally separate organization, is for all practical purposes, a part of the Schools and is blended with the primary government.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

Governmental Funds

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports two funds, the general fund and RCSBC which are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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

The School adopts an annual appropriated budget for its general fund, and the building corporation. Budgetary comparison schedules have been provided for the general fund and the building corporation on pages 55 and 56, respectively.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Custodial Fund

Custodial funds are used to account for resources held for the benefit of parties outside the School. Custodial funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the School's own programs. The accounting used for custodial funds is on the full accrual basis.

The basic custodial fund financial statements can be found on pages 16-17 of this report.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found starting on page 18 of this report.

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Government-Wide Financial Analysis

	Governmental Activities	
	2023	2022
Current Assets	\$ 4,620,932	\$ 3,971,153
Capital Assets	7,530,448	7,460,724
Total Assets	12,151,380	11,431,877
Deferred Outflows of Resources		
Pension Plan	2,280,774	2,205,135
OPEB	75,460	49,696
Total Assets and Deferred Outflows of Resources	14,507,614	13,686,708
Current Liabilities	1,033,262	886,023
Long-Term Liabilities	13,638,033	11,472,300
Total Liabilities	14,671,295	12,358,323
Deferred Inflows of Resources		
Pension Plan	1,188,003	3,474,605
OPEB	121,442	135,698
Deferred Inflow of Resources - Lease	33,663	45,867
Gain on Bond Refunding	42,019	45,472
Total Liabilities and Deferred Inflows of Resources	16,056,422	16,059,965
Net Investment in Capital Assets	2,804,935	2,402,971
Restricted	399,425	368,388
Unrestricted	(4,753,168)	(5,144,616)
Total Net Position	\$ (1,548,808)	\$ (2,373,257)

Total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,548,808 at the close of the most recent fiscal year.

The School has investments in capital assets (site improvements, instructional equipment, school and office equipment and computers) in excess debt of \$2,804,935. The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. \$280,029 of net position is restricted to comply with the TABOR amendment, \$25,111 is donor restricted, \$94,285 is restricted cash for the Building Corporation. The remaining net position is unrestricted and may be used to meet the School's ongoing obligations.

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Governmental activities increased net position by \$824,449. Key elements of this increase are as follows:

	Governmental Activities	
	2023	2022
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 770,771	\$ 336,564
Capital Grants and Contributions	242,264	194,864
General Revenues		
Per Pupil Operating Revenue	7,796,314	7,229,281
Other Revenues	416,909	233,121
Total Revenues	9,226,258	7,993,830
EXPENSES		
Instructional	5,531,864	2,834,401
Support Services	2,682,345	1,286,204
Interest on Debt	187,600	203,955
Total Expenses	8,401,809	4,324,560
CHANGE IN NET POSITION	824,449	3,669,270
Net Position - Beginning of Year	(2,373,257)	(6,042,527)
NET POSITION - END OF YEAR	\$ (1,548,808)	\$ (2,373,257)

- Per pupil operating revenue increased as a result of more per pupil revenue.
- Expenses decreased due to a decrease in grant related spending.

General Fund

The general fund revenue is based primarily on per pupil revenue. The sources of this revenue are state equalization, property taxes, and specific ownership taxes. The per-pupil revenue and capital construction revenue combined were \$8,038,578. The capital construction revenue was approximately 2.6% of total general fund revenue. Other income was \$317,404.

Total expenditures of the general fund were \$8,704,039. The expenditures are categorized into instructional, administrative, operations and maintenance and capital outlay. The instructional expenditures account for 62.3% of the total, administrative amount to 24.6%, maintenance and operational and capital outlay represent 12.5%, and debt service expenditures represent 0.63%.

The fund balance of the general fund at the end of fiscal 2023 was \$3,808,035. The restricted fund balance of \$305,140 is for TABOR and donor restrictions. The increase in fund balance of \$518,798 is primarily due to increased revenue received for per pupil funding.

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General Fund Budgetary Highlights

The School approves a budget in January based on enrollment projections for the following school year. The final student count of 703.5 students was noted for the year. For the year ended June 30, 2023, the School's general fund actual expenditures were less than budgeted by \$124,453. Actual revenues exceeded budget by \$534,442.

Capital Assets and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2023, amounts to \$7,530,448. This investment in capital assets includes instructional buildings, land, equipment, school and office equipment, and computers. The total increase in School capital assets was \$69,724 (0.93%).

The majority of capital assets used by the Schools are owned by RCSBC, a blended component unit. RCSBC holds the land and buildings used as the School facility and lease these facilities to the School under an operating lease with terms, which approximate RCSBC's required debt service obligations.

	2023	2022
Governmental Activities:		
Land	\$ 785,000	\$ 785,000
Construction in Progress	-	34,715
Building	3,768,392	4,021,298
Site Improvements	2,493,314	2,259,097
Other Equipment	427,259	247,648
Leased Assets, Equipment	56,483	112,966
Net Capital Assets	\$ 7,530,448	\$ 7,460,724

Additional information on the School's capital assets can be found in Note 4 on page 28 of this report.

Long-Term Debt. The School currently has no debt other than a lease liability of \$67,435. RCSBC, however, carries total bonded debt outstanding of \$4,616,059. The purpose of RCSBC is to own and finance the building used by the School. The \$4,616,059 represents \$3,575,239 Series 2014 A Charter School Revenue Bonds and \$1,040,820 2014 Series 2014 B Charter School Revenue Bonds.

Additional information on long-term debt and the related facility lease can be found in Note 5 on pages 29-30 of this report.

**RIDGEVIEW CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Economic Factors and Next Year's Budgets

Ridgeview Classical Schools' current school year (2023-2024) projection has not changed and will continue to follow in its conservative budgeting practice. We did include the capital construction revenue to the operating budget for this year. The funds are utilized for facility improvement.

Legislation has removed the student instructional spending requirement. The School has consistently and significantly exceeded this requirement in the past and will continue this practice in the future. The same is true for Capital Reserve funds. Even though this requirement was eliminated by the legislature, the School considers this a sound financial practice and will continue to report this funding in the future.

Possible changes to the nation's healthcare system may negatively impact the School and its employees. The School may be forced to make significant changes to its healthcare plan. This could adversely affect the School and its employees.

The School also face rapidly rising employee benefit costs due to mandatory participation in the Colorado Public Employees Retirement Association (PERA). Required employer contributions to PERA are scheduled to rise by approximately 0.5% annually for each of the next two years.

The school is monitoring and anticipating an increase in enrollments for the fiscal year of 2023-2024.

Requests for Information

This financial report is designed to provide the reader with a general overview of the Schools' finances and to demonstrate the School's accountability for the money it receives. Questions about this report or requests for additional information should be directed to the Business Office, Ridgeview Classical Schools, 1800 South Lemay, Fort Collins, Colorado 80525.

**RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS	<u>Governmental Activities</u>
Cash and Investments	\$ 4,336,941
Restricted Cash	200,072
Account Receivable	28,740
Lease Receivable	33,460
Accrued Interest Receivable	149
Prepaid Expense	21,570
Capital Assets, Not Being Depreciated:	
Land	785,000
Capital Assets, Net of Accumulated Depreciation:	
Buildings	3,768,392
Site Improvements	2,493,314
Other Equipment	427,259
Leased Assets	56,483
Total Assets	<u>12,151,380</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension Plan	2,280,774
Related to OPEB	75,460
Total Deferred Outflows of Resources	<u>2,356,234</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	34,716
Other Liabilities	126,174
Accrued Salaries and Benefits	293,973
Unearned Revenue	163,627
Accrued Interest Payable	66,459
Noncurrent Liabilities	
Due Within One Year	348,313
Due in More than One Year	4,335,181
Net OPEB Liability	306,424
Net Pension Liability	8,996,428
Total Liabilities	<u>14,671,295</u>
DEFERRED INFLOWS OF NET POSITION	
Related to Pension Plan	1,188,003
Related to OPEB	121,442
Deferred Inflow of Resources - Lease	33,663
Gain Deferred on Bond Refunding	42,019
Total Deferred Inflows of Resources	<u>1,385,127</u>
NET POSITION	
Net Investment in Capital Assets	2,804,935
Restricted	399,425
Unrestricted	(4,753,168)
Total Net Position	<u>\$ (1,548,808)</u>

See accompanying Notes to Financial Statements.

**RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenue (Expenses) Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instructional	\$ 5,531,864	\$ -	\$ 770,771	\$ -	\$ (4,761,093)
Interest on Debt	187,600	-	-	-	(187,600)
Support Services					
Operations and Maintenance	489,181	-	-	242,264	(246,917)
General Administration	2,193,164	-	-	-	(2,193,164)
Total Governmental Activities	\$ 8,401,809	\$ -	\$ 770,771	\$ 242,264	(7,388,774)
GENERAL REVENUES					
Per Pupil Revenue					7,796,314
Other Income					416,909
Total General Revenues					8,213,223
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(2,373,257)
NET POSITION - END OF YEAR					
					\$ (1,548,808)

See accompanying Notes to Financial Statements.

**RIDGEVIEW CLASSICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>RCS Building Corporation</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 4,336,941	\$ -	\$ 4,336,941
Restricted Cash	-	200,072	200,072
Accounts Receivable	28,740	-	28,740
Lease Receivable	33,460	-	33,460
Accrued Interest Receivable	149	-	149
Prepaid Items	21,570	-	21,570
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,420,860</u>	<u>\$ 200,072</u>	<u>\$ 4,620,932</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 34,716	\$ -	\$ 34,716
Other Liabilities	126,174	-	126,174
Unearned Revenue	124,299	39,328	163,627
Accrued Salaries and Benefits	293,973	-	293,973
Total Liabilities	<u>579,162</u>	<u>39,328</u>	<u>618,490</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow of Resources - Lease	33,663	-	33,663
Total Deferred Inflow of Resources	<u>33,663</u>	<u>-</u>	<u>33,663</u>
FUND BALANCE			
Nonspendable Fund Balance	21,570	-	21,570
Restricted Fund Balance	305,140	160,744	465,884
Committed Fund Balance	-	-	-
Assigned Fund Balance	69,240	-	69,240
Unassigned Fund Balance	3,412,085	-	3,412,085
Total Fund Balance	<u>3,808,035</u>	<u>160,744</u>	<u>3,968,779</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 4,420,860</u>	<u>\$ 200,072</u>	<u>\$ 4,620,932</u>

See accompanying Notes to Financial Statements.

**RIDGEVIEW CLASSICAL SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

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

Net Fund Balance - Governmental Funds	\$ 3,968,779
Capital assets and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets are \$14,102,873 and the accumulated depreciation and amortization is \$6,572,425.	7,530,448
Long-term liabilities, including loans payable are not due and payable in the Current Period, and therefore, are not reported in the governmental funds	
Bonds Payable	(4,616,059)
Leases Payable	(67,435)
Accrued Interest Payable	(66,459)
Deferred Bond Gain	(42,019)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the fund.	
Deferred Outflows - Pension	2,280,774
Deferred Outflows - OPEB	75,460
Deferred Inflows - Pension	(1,188,003)
Deferred Inflows - OPEB	(121,442)
	1,046,789
Net OPEB Liability	(306,424)
Net Pension Liability	(8,996,428)
Total Net Position (Deficit) of Governmental Activities	\$ (1,548,808)

See accompanying Notes to Financial Statements.

RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	RCS Building Corporation	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Per Pupil Funding	\$ 7,796,314	\$ -	\$ 7,796,314
Capital Construction Funding	242,264	-	242,264
Rental and Lease Income	27,246	471,894	499,140
Federal and State Grant Revenue	770,771	-	770,771
Other Income	317,404	-	317,404
Interest Income	68,838	3,421	72,259
Total Revenues	<u>9,222,837</u>	<u>475,315</u>	<u>9,698,152</u>
EXPENDITURES			
Current:			
Instruction	5,418,725	-	5,418,725
Operations and Maintenance	482,198	-	482,198
General Administration	2,142,098	-	2,142,098
Capital Outlay	606,128	-	606,128
Debt Service:			
Principal	49,997	278,790	328,787
Interest and Fiscal Charges	4,893	193,105	197,998
Total Expenditures	<u>8,704,039</u>	<u>471,895</u>	<u>9,175,934</u>
NET CHANGE IN FUND BALANCE	518,798	3,420	522,218
Fund Balances - Beginning of Year	<u>3,289,237</u>	<u>157,324</u>	<u>3,446,561</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,808,035</u></u>	<u><u>\$ 160,744</u></u>	<u><u>\$ 3,968,779</u></u>

See accompanying Notes to Financial Statements.

**RIDGEVIEW CLASSICAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

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

Net Change in Fund Balance - Governmental Funds	\$	522,218
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlay		606,128
Depreciation and Amortization Expense		(504,169)
Loss on Disposal		(32,235)
		69,724

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds. However, neither transaction has any effect on net position.

Principal payments on debt and leases		328,787
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Amortization of Gain on Refunding		3,453
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Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.

		6,945
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:

Claims Liabilities		9,368
Net OPEB Expense		46,687
Net Pension Expense		(162,733)
		(162,733)

Changes in Net Position of Governmental Activities	\$	824,449
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**RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 114,179
Total Assets	<u>114,179</u>
LIABILITIES	
Due to Others	12,387
Total Liabilities	<u>12,387</u>
NET POSITION	
Restricted for:	
Student Activities	<u>101,792</u>
Total Net Position	<u><u>\$ 101,792</u></u>

**RIDGEVIEW CLASSICAL SCHOOLS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	<u>Custodial Fund</u>
ADDITIONS	
Contributions:	
Collections for Student Activities	\$ 253,883
Miscellaneous	
Total Additions	253,883
DEDUCTIONS	
Payments for Student Activities	285,785
Total Deductions	285,785
NET DECREASE IN FIDUCIARY NET POSITION	(31,902)
Fiduciary Net Position - Beginning of Year	133,694
FIDUCIARY NET POSITION - END OF YEAR	\$ 101,792

See accompanying Notes to Financial Statements.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ridgeview Classical Schools (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within the district. The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter schools within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The School began operations in Fall 2001 and is governed by a five-member Board of Directors elected by the school community. The School operates under a charter granted by the Poudre School District (the District) Board of Education. The School's current charter is effective until June 30, 2026. The School is funded based on the level of per pupil revenue (PPR) as defined by the State of Colorado Legislature and the number of full time equivalent (FTE) students. As of the designated count day (October 3, 2022), there were 708.1 students enrolled. The PPR rate for the fiscal year ended June 30, 2023, was \$9,066.21.

The accompanying financial statements present the School and its component unit, an entity for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations.

RCS Building Corporation (RCSBC) is a nonprofit corporation organized in 2005 primarily to own and finance the building used by Ridgeview Classical Schools. The School is financially accountable for RCSBC. RCSBC is considered a blended component unit of the School. Separate financials statements are not issued by RCSBC.

The School is a component unit of the District and is included in the District's Annual Comprehensive Financial Report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the activities of the primary government and its blended component unit.

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. *Measurable* means that the amount of the transaction can be determined. *Available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

The School reports the following major governmental funds:

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

Special Revenue Fund: The RCS Building Corporation is a Special Revenue Fund that accounts for all financial activities associated with the School's ownership and rental of the elementary, middle-school, and high-school facilities.

Additionally, the School reports the following fund types:

Custodial Fund: The Student Activities Fund is used to record financial transactions related to school-sponsored organizations, co-curricular and extra-curricular activities, and special student programs. Student activities are funded primarily through donations, fees, and fundraising activities. The District holds all resources in a purely custodial capacity.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information

The School adopts a legal budget for its General Fund and Building Corporation. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (U.S. GAAP). The level on which expenditures may not legally exceed appropriations is the fund level.

Cash and Investments

Cash and investments include cash on hand, certificates of deposit funds, and treasury bills. Investments are comprised of certificates of deposits and treasury bills, which are carried at fair value.

Restricted Cash

Certain resources set aside for the repayment of debt, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by bond covenants. These assets are generally not available to pay current obligations.

Capital Assets

Capital assets purchased by the School, which include leasehold improvements, computer equipment, playground equipment, furniture and fixtures and office equipment with a cost greater than \$5,000, are reported in the government - wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute 29-1-506).

All reported capital assets, except for land and construction in progress, are depreciated. Depreciation on all assets is provided using the straight-line method over estimated useful lives of three to forty years.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. The School reports changes in net OPEB liability and changes in net pension liability not included in pension expense reported in the government- wide statement of net position.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until the time. The School has three items that qualify for reporting in this category. They are charges on bond refundings, changes in net OPEB liability, changes in net position liability, and deferred inflow of resources related to leases reported in the government-wide statement of net position.

Accrued Salaries and Benefits

Salaries of teachers are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from August 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$293,973.

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, fund equity of the School's governmental funds is classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact. The School has \$21,570 of nonspendable resources as of June 30, 2023.

Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. The School has \$465,884 of restricted resources as of June 30, 2023. This amount consists of \$280,029 restricted due to TABOR, \$25,111 related to restricted donations, and \$160,744 restricted due to the Building Corporation's requirement to bond covenants.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period. The School has no committed resources as of June 30, 2023.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. Amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager. The School has \$69,240 in assigned fund balance related to funds for technology purchases (\$63,000) and for lockers (\$6,240).

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. It is the School's policy to use fund balance in the following order: restricted resources, followed by committed, assigned and then unassigned resources.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the debt using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Bond issuance costs are recognized as an expense/expenditure in the reporting period in which they are incurred.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund statements. The School records prepaid items using the consumption method.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. HB 22-1029, enacted June 7, 2022, required a restorative payment for the suspended 2020 direct distribution due to HB 20-1379. Upon enactment of HB 22-1029, the State treasurer distributed \$380 million with reductions, as applicable, to future direct distributions scheduled to occur July 1, 2023 and July 1, 2024.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

The School's participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiemployer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 6 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for additional information.

Leases

Lessee: The School is a lessee for noncancellable leases of equipment. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor: The School is a lessor for a noncancellable lease of a building. The School recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

At the commencement of a lease, the School initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

NOTE 2 CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of failure of the custodian, the value of the School's deposits or investments may not be returned. Colorado State statutes govern the School's deposit of cash. The Colorado Public Deposit Protection Act (PDPA) requires the School to make deposits only in eligible public depositories as defined by the regulators. Amounts on deposits in excess of federal insurance levels must be collateralized. The PDPA requires the eligible depository with public deposits in excess of the federal insurance levels to create single institution collateral pools for all public funds.

The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. Up to \$250,000 of daily deposit balances on hand at banking institutions is covered by federal depository insurance. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Cash and investments as of June 30, 2023 consist of the following:

Investments	\$ 1,765,357
Cash Deposits	2,685,763
Restricted Cash and Investments	<u>200,072</u>
Total Cash and Investments	<u><u>\$ 4,651,192</u></u>

Cash and investments are reported in the financial statements, as follows:

Primary Government - Cash and Investments	\$ 4,336,941
Primary Government - Restricted Cash	200,072
Fiduciary Funds	<u>114,179</u>
	<u><u>\$ 4,651,192</u></u>

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

As a requirement of the Charter School Bond agreement, the Special Revenue Fund of the School must maintain bond escrow accounts. These accounts are held by a trustee. Monthly rent payments (Note 4) from the School are made from the accounts. The accounts consist of cash totaling \$200,072 at June 30, 2023.

The School is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agency securities and World Bank.
- General obligation and revenue bonds of local government entities.
- Local government investment pools.
- Obligations of the School.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Banker's acceptance of certain banks.
- Commercial paper.
- Certain securities lending agreements.

Interest Rate Risk

State statutes limit the maturity date of U.S. Agency securities to five years from the date of purchase unless the governing board authorized the investment for a period in excess of five years.

Investments as of June 30, 2023 consist of the following:

Investments	Less Than 1 Year	Fair Value
Treasury Bills	\$ 1,687,201	\$ 1,687,201
MSILF	78,156	78,156
	<u>\$ 1,765,357</u>	<u>\$ 1,765,357</u>

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. State law further limits investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization (NRSRO). State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more NRSROs.

Investments	Aaa/AA+*	Aaa-mf/AAAm*	Fair Value
Treasury Bills	\$ 1,687,201	\$ -	\$ 1,687,201
MSILF	-	78,156	78,156
	<u>\$ 1,687,201</u>	<u>\$ 78,156</u>	<u>\$ 1,765,357</u>

*Moody's/Standard and Poor's Rating

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Restricted Cash and Investments

Cash and investments of \$200,072 have been restricted in the Building Corporation for debt services in accordance with the bond agreements.

Fair Value Measurement

The School categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The School has the following recurring fair value measurements as of June 30, 2023:

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Treasury Bills	\$ -	\$ 1,687,201	\$ -	\$ 1,687,201
	<u>\$ -</u>	<u>\$ 1,687,201</u>	<u>\$ -</u>	<u>\$ 1,687,201</u>

NOTE 3 LEASE RECEIVABLES

The School, acting as lessor, leases facilities under a long-term, noncancelable lease agreement. The lease expires in 2026. During the year ended June 30, 2023, the School recognized \$12,203 and \$2,197 in lease revenue and interest revenue, respectively, pursuant to the contract.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 12,844	\$ 1,556	\$ 14,400
2025	13,586	814	14,400
2026	7,030	117	7,147
Total Minimum Lease Payments	<u>\$ 33,460</u>	<u>\$ 2,487</u>	<u>\$ 35,947</u>

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 785,000	\$ -	\$ -	\$ -	\$ 785,000
Construction in Progress	34,715	237	-	(34,952)	-
Total Capital Assets, Not Being Depreciated	819,715	237	-	(34,952)	785,000
Capital Assets, Being Depreciated:					
Building	8,015,969	-	-	-	8,015,969
Site Improvements	3,973,033	340,452	(123,232)	34,952	4,225,205
Other Equipment	736,075	265,439	(94,264)	-	907,250
Total Capital Assets, Being Depreciated	12,725,077	605,891	(217,496)	34,952	13,148,424
Lease Assets, Being Amortized:					
Equipment	169,449	-	-	-	169,449
Total Lease Assets, Being Amortized	169,449	-	-	-	169,449
Less: Capital Asset Accumulated Depreciation:					
Building	(3,994,671)	(252,906)	-	-	(4,247,577)
Site Improvements	(1,713,936)	(130,875)	112,920	-	(1,731,891)
Other Equipment	(488,427)	(63,905)	72,341	-	(479,991)
Total Capital Asset Accumulated Depreciation	(6,197,034)	(447,686)	185,261	-	(6,459,459)
Less: Lease Asset Accumulated Amortization:					
Equipment	(56,483)	(56,483)	-	-	(112,966)
Total Lease Asset Accumulated Amortization	(56,483)	(56,483)	-	-	(112,966)
Total Capital Assets, Being Depreciated, Net	6,528,043	158,205	(32,235)	34,952	6,688,965
Total Lease Assets, Being Amortized, Net	112,966	(56,483)	-	-	56,483
Total Assets	\$ 7,460,724	\$ 101,959	\$ (32,235)	\$ -	\$ 7,530,448

Depreciation

Depreciation and amortization expense of \$484,002 was charged to instructional expense, and \$20,167 was charged to general administration expense of the School.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT

Long-term debt activity for the fiscal year was as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Bonds Payable	\$ 4,894,849	\$ -	\$ (278,790)	\$ 4,616,059	\$ 290,510
Leases Payable	117,432	-	(49,997)	67,435	57,803
Total Bonds Payable	<u>\$ 5,012,281</u>	<u>\$ -</u>	<u>\$ (328,787)</u>	<u>\$ 4,683,494</u>	<u>\$ 348,313</u>

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds. The bonds were issued for refunding the previously issued 2005A bonds of RCSBC. The Authority and RCSBC have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to RCSBC.

The bonds are payable solely from the loan rights pledged to the Authority under the loan agreement, pledges of funds and revenue by the Trustee to the Authority, and the assignment of the Authority's mortgage on the facility and the security interest in the pledged revenues of RCSBC. The bonds do not constitute a debt of the Authority and are considered the obligation of RCSBC.

RCSBC has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenue is the basis of the pledged revenues. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$9,500,000. 100% of the lease revenues have been pledged under the agreement.

Following is a summary of long-term debt at June 30, 2023:

Charter school revenue refunding bonds, Series 2014A, due in semiannual installments ranging from \$88,000 to \$114,000 through August 2024. Interest at 4% and is payable semi-annually on February 15 and August 15. On August 15, 2024, the interest rate will be reset, and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building has been pledged to pay bond principal and interest.

Charter school revenue refunding bonds, Series 2014B, due in semiannual installments ranging from \$26,000 to \$33,000 through August 2024. Interest at 4% and is payable semi-annually on February 15 and August 15. On August 15, 2024, the interest rate will be reset, and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building has been pledged to pay bond principal and interest.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to amortize all outstanding bonds as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 290,510	\$ 177,384	\$ 467,894
2025	302,247	169,647	471,894
2026	314,458	157,436	471,894
2027	327,162	144,732	471,894
2028	340,379	131,515	471,894
2029-2033	1,928,460	439,852	2,368,312
2034-2036	1,112,843	67,518	1,180,361
Total	<u>\$ 4,616,059</u>	<u>\$ 1,288,084</u>	<u>\$ 5,904,143</u>

Leases Payable

The School leases equipment (copiers) until 2025 under long-term, noncancelable lease agreements.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 57,803	\$ 2,054	\$ 59,857
2025	<u>9,632</u>	<u>23</u>	<u>9,655</u>
Total Minimum Lease Payments	<u>\$ 67,435</u>	<u>\$ 2,077</u>	<u>\$ 69,512</u>

Intra-Entity Lease

Additionally, the School leases its buildings and certain equipment from the Building Corporation. This lease does not fall into the scope of GASB Stmt. No. 87. The building lease agreement requires monthly payments to the Building Corporation, which approximate the required debt service payments and may be terminated in any year by nonappropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense recognized by the School and rental income recognized by the Building Corporation was approximately \$472,000 for the year ended June 30, 2023.

The lease includes certain restrictive covenants, which apply to the School related to maintaining specific minimum amounts of unrestricted cash, working capital, and fund balance. The School believes it was in compliance with the covenants at June 30, 2023.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions

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

General Information About the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2022

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

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Benefits Provided as of December 31, 2022 (Continued)

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

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

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

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

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

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions Provisions as of June 30, 2023

Eligible employees of, the School and the state are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer Contribution Rate ¹	11.40 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the SCHDTF ¹	10.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	5.50 %
Total Employer Contribution Rate to the SCHDTF ¹	20.38 %

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$841,066 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the state treasurer to issue an additional direct distribution to PERA in the amount of \$380 million, upon enactment. The July 1, 2023, payment is reduced by \$190 million to \$35 million. 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, for a total of approximately \$49.5 million to be contributed July 1, 2023.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

At June 30, 2023, the School reported a liability of \$8,996,428 for its proportionate share of the net pension liability that reflected a reduction for support from the state as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the state as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's Proportionate Share of the Net Pension Liability	\$ 8,996,428
State's Proportionate Share of the Net Pension Liability Associated with the School	2,621,649
Total	<u>\$ 11,618,077</u>

At December 31, 2022, the School's proportion was 0.0494052289% which was a decrease of 0.0062040350% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension expense of \$584,051 and expense of \$308,290 for support from the state as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 85,142	\$ -
Changes of Assumptions or other Inputs	159,356	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,208,552	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	406,406	1,188,003
Contributions Subsequent to the Measurement Date	421,318	-
Total	<u>\$ 2,280,774</u>	<u>\$ 1,188,003</u>

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

\$421,318 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ (167,896)
2025	(211,501)
2026	347,889
2027	702,961
2028	-
Thereafter	-

Actuarial Assumptions

The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40 - 11.00%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
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)	Financed by the Annual Increase Reserve

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

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

Post-retirement nondisabled 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 nondisabled 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.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

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:

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

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

Discount Rate

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Discount Rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include 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, 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 direct distribution, a warrant to PERA in the amount of \$380 million. The July 1, 2023, direct distribution is reduced by \$190 million to \$35 million. The July 1, 2024, direct distribution will not be reduced from \$225 million due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 11,773,230	\$ 8,996,428	\$ 6,677,514

Pension Plan Fiduciary Net Position

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

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

General Information about the OPEB Plan

Plan Description

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

Benefits Provided

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

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

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

PERA Benefit Structure

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure (Continued)

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

DPS Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$41,568 for the year ended June 30, 2023.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

At June 30, 2023, the School reported a liability of \$306,424 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The School proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School proportion was 0.0375298984%, which was an increase of 0.0012212884% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized an OPEB credit of \$25,605. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 40	\$ 74,104
Changes of Assumptions or other Inputs	4,925	33,820
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	18,716	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	30,697	13,518
Contributions Subsequent to the Measurement Date	21,082	-
Total	\$ 75,460	\$ 121,442

\$21,082 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (31,278)
2025	(23,872)
2026	(5,343)
2027	429
2028	(5,735)
Thereafter	(1,265)

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions

The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	Trust Fund				
	State Division	School Division	Entry Age	Local Government Division	Judicial Division
Actuarial Cost Method					
Price Inflation			2.30%		
Real Wage Growth			0.70%		
Wage Inflation			3.00%		
Salary Increases, Including Wage Inflation					
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%		3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A		3.20%-12.40%	N/A
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation			7.25%		
Discount Rate			7.25%		
Health Care Cost Trend Rates					
Service-Based Premium Subsidy			0.00%		
PERACare Medicare Plans			4.50% in 2021, 6.00% in 2022, Gradually Decreasing to 4.50% in 2029		
Medicare Part A Premiums			3.75% for 2021, Gradually Increasing to 4.50% in 2029		
DPS Benefit Structure					
Service-Based Premium Subsidy			0.00%		
PERACare Medicare Plans			N/A		
Medicare Part A Premiums			N/A		

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

Age-Related Morbidity Assumptions			
	Participant Age	Annual Increase (Male)	Annual Increase (Female)
	65-69	3.00%	1.50%
	70	2.90%	1.60%
	71	1.60%	1.40%
	72	1.40%	1.50%
	73	1.50%	1.60%
	74	1.50%	1.50%
	75	1.50%	1.40%
	76	1.50%	1.50%
	77	1.50%	1.50%
	78	1.50%	1.60%
	79	1.50%	1.50%
	80	1.40%	1.50%
	81 and older	0.00%	0.00%

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

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

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

The 2022 Medicare Part A premium is \$499 per month.

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

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

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

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
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%
2028	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 using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

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

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

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

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

Post-retirement nondisabled 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.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

- 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 at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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

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

Sensitivity of the School's Proportionate Share of the net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 297,751	\$ 306,424	\$ 315,861

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 355,236	\$ 306,424	\$ 264,674

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

OPEB Plan Fiduciary Net Position

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

NOTE 8 COMMITMENTS AND CONTINGENCIES

The state of Colorado enacted a constitutional amendment effective December 31, 1992, to limit increases in government revenues. The limitation generally restricts growth in revenue of a governmental entity (excluding enterprise operations) to a base amount plus increases for growth and inflation. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending, excluding bonded debt service. On November 3, 1998, voter approval was given to Poudre School District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 1998.

The 3% emergency reserve is, however, still required both at the District and the School's level. At June 30, 2023, the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance. The reserve at June 30, 2023 was \$249,830.

NOTE 9 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
School's Proportion of the Net Pension Liability	0.049405229%	0.055560926%	0.062994838%	0.051552509%	0.053872684%	0.066095174%	0.068265436%	0.068338593%	0.068338593%
School's Proportionate Share of the Net Pension Liability	\$ 8,996,428	\$ 6,471,454	\$ 9,523,549	\$ 7,701,833	\$ 7,701,833	\$ 9,539,265	\$ 21,372,830	\$ 20,325,260	\$ 10,451,906
State's Proportionate Share of the Net Pension Liability associated with the (Entity) **	2,621,649	741,869	-	976,879	976,879	1,304,362	-	-	-
Total	\$ 11,618,077	\$ 7,213,323	\$ 9,523,549	\$ 8,678,712	\$ 8,678,712	\$ 10,843,627	\$ 21,372,830	\$ 20,325,260	\$ 10,451,906
School's Covered Payroll	\$ 3,806,363	\$ 3,528,018	\$ 3,428,683	\$ 3,013,443	\$ 2,950,458	\$ 3,048,892	\$ 3,025,893	\$ 3,025,893	\$ 2,978,180
School's Cumulative Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.35%	183.43%	277.76%	255.58%	261.04%	312.88%	706.33%	671.71%	350.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.80%	74.90%	67.00%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS**

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 841,066	\$ 690,910	\$ 661,345	\$ 640,864	\$ 548,637	\$ 568,572	\$ 569,459	\$ 552,207	\$ 523,863
Contributions in Relation to the Contractually Required Contribution	841,066	690,910	661,645	640,864	548,637	568,572	569,459	552,207	523,863
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	<u>\$ 4,075,258</u>	<u>\$ 3,475,401</u>	<u>\$ 3,369,197</u>	<u>\$ 3,302,378</u>	<u>\$ 2,864,703</u>	<u>\$ 3,011,528</u>	<u>\$ 3,071,228</u>	<u>\$ 3,021,489</u>	<u>\$ 2,904,695</u>
Contributions as a Percentage of Covered Payroll	20.64%	19.88%	19.64%	19.41%	19.15%	18.88%	18.54%	18.28%	18.04%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS**

Fiscal Year	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.0375299000%	0.0363086100%	0.0364337542%	0.0335958550%	0.0350175366%	0.0375550246%	0.0388028800%
School's Proportionate Share of the Collective OPEB Liability	\$306,424	\$ 313,091	\$ 346,203	\$ 377,617	\$ 476,428	\$ 488,065	\$ 503,093
School's Covered Payroll	\$3,806,363	\$ 3,528,018	\$ 3,428,683	\$ 3,013,433	\$ 2,950,456	\$ 3,048,892	\$ 3,025,893
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.10%	8.87%	10.10%	12.53%	16.15%	16.01%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.60%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS**

Fiscal Year Ended (June 30)	203	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	\$ 41,568	\$ 35,449	\$ 34,366	\$ 33,684	\$ 29,251	\$ 30,718	\$ 31,327	\$ 30,819	\$ 29,629
Contributions in Relation to the Statutorily Required Contributions	41,568	35,449	34,366	33,684	29,251	30,718	31,327	30,819	29,629
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's Covered Payroll	<u>\$ 4,075,258</u>	<u>\$ 3,475,401</u>	<u>\$ 3,369,197</u>	<u>\$ 3,302,378</u>	<u>\$ 2,864,703</u>	<u>\$ 3,011,528</u>	<u>\$ 3,071,228</u>	<u>\$ 3,021,489</u>	<u>\$ 2,904,695</u>
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years historical data are presented.

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amount	Variances Over (Under)
REVENUE				
Per Pupil Funding	\$ 7,176,980	\$ 7,780,710	\$ 7,796,314	\$ 15,604
Capital Construction Funding	183,234	245,423	242,264	(3,159)
Federal and State Grant Revenue	125,995	451,072	770,771	319,699
Interest Income	4,000	33,165	68,838	35,673
Other Revenue	135,000	178,025	344,650	166,625
Total Revenue	<u>7,625,209</u>	<u>8,688,395</u>	<u>9,222,837</u>	<u>534,442</u>
EXPENDITURES				
Current				
Instruction	4,566,570	4,801,150	5,418,725	(617,575)
Operations and Maintenance	321,600	336,600	482,198	(145,598)
General Administration	2,509,263	3,295,319	2,142,098	1,153,221
Capital Outlay	183,234	395,423	606,128	(210,705)
Debt Service				
Principal	-	-	49,997	(49,997)
Interest and Fiscal Charges	-	-	4,893	(4,893)
Total Expenditures	<u>7,580,667</u>	<u>8,828,492</u>	<u>8,704,039</u>	<u>124,453</u>
NET CHANGE IN FUND BALANCE	44,542	(140,097)	518,798	658,895
Fund Balance - Beginning of Year	<u>2,571,236</u>	<u>2,571,236</u>	<u>3,289,237</u>	<u>718,001</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,615,778</u>	<u>\$ 2,431,139</u>	<u>\$ 3,808,035</u>	<u>\$ 1,376,896</u>

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
RCS BUILDING CORPORATION
YEAR ENDED JUNE 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual Amount</u>	<u>Variances Over (Under)</u>
REVENUE			
Rental Income	\$ -	\$ 471,894	\$ 471,894
Interest Income	-	3,421	3,421
Total Revenue	-	475,315	475,315
EXPENDITURES			
Debt Service			
Principal	-	278,790	(278,790)
Interest and Fiscal Charges	-	193,105	(193,105)
Total Expenditures	-	471,895	(471,895)
NET CHANGE IN FUND BALANCE	-	3,420	947,210
Fund Balance - Beginning of Year	-	157,324	157,324
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 160,744</u>	<u>\$ 160,744</u>

See notes to required supplementary information.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (U.S. GAAP). The School adopts a legal budget for its general fund. All appropriations lapse at year-end. The RCS Building Corporation did not legally adopt a budget for the year ended June 30, 2023. As such, total expenditures exceed appropriations by \$471,895. These may be a violation of Colorado budget law.

The level on which expenditures may not legally exceed appropriations is the fund level. Expenditures may not exceed the appropriation levels for legally adopted budgets. Revisions to an appropriation require approval by the Board at a public meeting, with prior published notice of the proposed change.

Budget amounts included in the financial statements are based on the final general fund budget as approved by the Board on January 19, 2023.

NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25% to 1.00% resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50% resulting from the 2020 AAP assessment, effective July 1, 2022.
- Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:
 - The price inflation assumption was lowered from 2.40% to 2.30% and the wage inflation assumption was lowered from 3.50% to 3.00%.
 - The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
 - Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
 - Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

**RIDGEVIEW CLASSICAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2023**

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

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NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2023**

**NOTE 2 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

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YEAR ENDED JUNE 30, 2023**

NOTE 3 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS

Notes to Required Supplementary Information (Other Post-Employment Benefits) – Fiscal Year 2023 Changes in benefit terms and actuarial assumptions

Changes in assumptions or other input effective for the December 31, 2022 measurement period are as follows:

- Per capital health costs were developed by plan option based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, 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.
- Health care cost trend rates were revised to reflect an expectation of future increases in rates of inflation.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40% to 2.30% and the wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

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YEAR ENDED JUNE 30, 2023**

**NOTES 3 CHANGES IN PENSION BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
(CONTINUED)**

- The post-retirement nondisabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.



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