Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Financial Statements

June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

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June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Pikes Peak School of Expeditionary Learning
Falcon, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Pikes Peak School of Expeditionary Learning, component unit of El Paso County School District 49, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Pikes Peak School of Expeditionary Learning, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

5950 S. Willow Dr., Ste. 302
Greenwood Village,
Colorado 80111
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Pikes Peak School of Expeditionary Learning as June 30, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Hinkle & Company, PC

Greenwood Village, Colorado
September 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The Management Discussion and Analysis (MD&A) of Pikes Peak School of Expeditionary Learning's (PPSEL/School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. Readers should also review the Financial Statements and Notes to Financial Statements to better understand the School's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June, 1999.

The mission of PPSEL is to develop a community that embraces and actively cultivates a challenging and engaging learning environment. Employing collaborative teaching methods and diverse individual learning opportunities, the School endeavors to develop motivated, independently thinking individuals who demonstrate skillful articulation of learning, solid academic achievement, social confidence and service to the community.

Financial Highlights

The year ended June 30, 2020 is the School's twenty-first year of operations. The General Fund balance increased $314,473 to $2,821,029 from $2,506,556 for the prior year. This increase is significant in that it will allow the School to remain financially viable and stable when facing future potential budget cuts at the State level.

The School's operations are funded by tax revenue received under the State School Finance Act. Tax revenue for the year from Per Pupil Revenue was $3,318,580. The School operated within the budget approved by the Board of Directors. A budget revision, based on the official student count of 407, was approved in November 2019.

The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). As of June 30, 2020, the School is required to report a net pension liability of $3,602,673, representing its proportionate share of the net pension liability of the SDTF. ALL COLORADO SCHOOLS ARE REQUIRED TO REPORT THIS LIABILITY. IT DOES NOT CHANGE THE ACTUAL FINANCIAL OVERVIEW OF THE SCHOOL. The School has no input into the management of the SDTF and is required by Colorado Law to participate in the pension plan. The impact of this change in reporting will appear in the enclosed Financial Reports. Please refer to Note 6 for more detail.

PPSEL operates under the supervision of a five member Board of Directors. The Board of Directors assigns responsibility of the School's operation to the Administrator and School staff. An independent accountant prepares and the Board of Directors reviews financial reports on a quarterly schedule. These reports include, but are not limited to: the Balance Sheet and the Budget vs. Actual Income Statement. The Falcon School District #49 (District) Finance Director receives a monthly Trial Balance Report in addition to these quarterly financial reports.

The combined financial statements of PPSEL include statements for the PPSEL Building Corporation, the entity that holds the debt for the School facility. PPSEL has a renewable one year lease with PPSEL Building Corporation for use of the facility. Note 5 to the financial statements provides additional information about the long-term debt.

Overview of Financial Statements

This MD&A is intended to serve as an introduction to PPSEL's financial statements. The statements are comprised of four components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, 3) Notes to the Financial Statements, and 4) 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 regarding all School assets and liabilities, with the difference reported as the Net Position. Over time, the increases or decreases in the net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities (Revenues and Expenses) presents information showing how the School's Net Position changed during the year. All changes in the Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the Statement of Activities for some items that will result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of PPSEL can be divided into two categories: Governmental Funds and Proprietary Funds.

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 balances of resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements. PPSEL maintains one government fund which includes all operating activity.

Proprietary Funds: PPSEL Building Corporation, considered a component unit of the School, has one fund identified as the Proprietary Fund. Its activity is related to holding title to the School facility and processing the Colorado Educational and Cultural Facilities Authority Loan Agreement associated with the facility financing.

Notes to the Financial Statements

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

Required Supplementary Information

The Required Supplementary Information includes a Budgetary Comparison Schedule of the General Fund with additional notes.

Government-wide Financial Statement Analysis

For PPSEL and the PPSEL Building Corporation, Liabilities exceeded Assets by $1,727,236 as of the close of the 2019/2020 fiscal year compared to Liabilities exceeding Assets by $2,928,862 in the prior year. The negative balance is a result of adopting GASB Statement No. 68, which requires the School to report its proportionate share of the net pension liability of its defined benefit pension plan.

Current and Other Assets make up 43% of PPSEL and the PPSEL Building Corporation's Total Assets (of which $41,670 or .5% is restricted for the Building Corporation debt service.) Capital Assets, which reflect the Building Corporation's investment in real and personal property and equipment, currently make up 57% of Total Assets. Total Current Liabilities increased by $407,140 before the inclusion of the Net Pension Liability primarily due to the school's participation in the Payroll Protection Program.

Charges for Services include Pre-Kindergarten Tuition, Expeditionary Activity Fees, and After School Program Revenues. The School's official student count increased to 407 in 2019/2020 from 394 in 2018/2019. Per Pupil Revenue makes up 91% of the School's Total Revenue and increased from $3,077,049 to $3,318,580 for a total growth of $241,531.

Fund Financial Statement Analysis

As noted earlier, PPSEL uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The financial detail on the previous page consolidates the governmental fund and proprietary fund.

Governmental Funds: The focus of Pikes Peak School of Expeditionary Learning's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources for only the School.

This is the School's twentieth year of operation. The Governmental Fund Revenue for FY 2019/2020 was $3,642,621 compared to $3,536,910 the prior year. The Government Fund Expenses for FY 2019/2020 were $3,328,148 compared to $3,219,171 the prior year. At the end of the fiscal year, the School had an ending Governmental Fund balance of $2,821,029 an increase of $314,473 over the prior year balance of $2,506,556.

Proprietary Fund: Net Position of the Building Corporation as of June 30, 2020 is ($288,094) compared to ($302,392) the prior year, an increase of $14,298. The balance will become positive as the debt is paid down.

Budgetary Highlights

PPSEL approves a Budget in the spring based on enrollment projections for the following school year. In November 2019 after enrollment was finalized, a Revised Budget was approved by the PPSEL Board of Directors. The Revised Budget reflects changes in Per Pupil Revenue and Purchased Services costs for Falcon School District #49 provided services which are based on the finalized student count.

The majority of the actual General Fund spending is for Salaries and Benefits (62%). Purchased Services, excluding lease payments to the Building Corporation, make up 20% of total expenditures. The primary source of spending under Purchased Services is for those services provided by District #49 for Special Education ($321,668) and Administration ($72,360). Expenses related to leasing the building are 11% of the total General Fund expenditures. Expenditures in the General Fund were within the approved budgets for fiscal year 2019/2020.

Capital Asset and Debt Administration

Capital assets: As of June 30, 2020, the PPSEL Building Corporation owns land, land improvements (not being depreciated), and water rights with a combined carrying value of $548,380. The Building Corporation also owns a building capitalized at $5,151,969, equipment and furniture at $144,306, and land improvements (being depreciated) at $148,609. The carrying value of capital assets net of accumulated depreciation is $4,636,694. More detail on capital assets is available in Note 4 to the financial statements.

Long-term debt: In January, 2008, the Building Corporation obtained financing of $6,500,000 from bonds issued by the Colorado Educational and Cultural Facilities Authority at an interest cost of 6.625%. In December, 2015, the Colorado Educational and Cultural Facilities Authority issued $6,189,136 Charter School Refunding Revenue Bonds, Series 2015 at an interest rate of 3.5%. The School will continue to make lease payments for use of the facility, which the Building Corporation will use to make the required principal and interest payments on the debt. These transactions flow through the Colorado State Intercept Program where the State withholds a portion of the Per Pupil Funding and transfers the funds to a designated trustee that in turn makes the principal and interest payments when due. Note 5 to the financial statements provides additional information about long-term debt.

Next Year's Budget

The School's FY 2020/2021 Budget is based on a student count of 406 and a Per Pupil Revenue of $7,720.45.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be submitted in writing and addressed to Mr. Don Knapp, Principal, Pikes Peak School of Expeditionary Learning, 11925 Antlers Ridge Drive, Falcon, CO 80831.

Basic Financial Statements

Pikes Peak School of Expeditionary Learning
(A Component Unit of El Paso County School District 49)
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 3,341,605	$ -	$ 3,341,605
Restricted Cash and Investments	-	41,670	41,670
Accounts Receivable	57,654	-	57,654
Prepaid expense	-	-	-
Capital Assets, *Not Being Depreciated*	-	548,380	548,380
Capital Assets, *Net of Accumulated Depreciation*	-	4,088,314	4,088,314
Total Assets	3,399,259	4,678,364	8,077,623
Deferred Outflows of Resources			
Pensions, *Net of Accumulated Amortization*	509,387	-	509,387
OPEB, *Net of Accumulated Amortization*	18,032	-	18,032
Loss on Debt Refunding, *Net of Accumulated Amortization*	-	480,175	480,175
Total Deferred Outflows of Resources	527,419	480,175	1,007,594
Liabilities			
Accounts Payable	21,182	-	21,182
Accrued Liabilities	395,967	-	395,967
Accrued Salaries and Benefits	161,081	-	161,081
Accrued Interest Payable	-	15,800	15,800
Noncurrent Liabilities			
Due Within One Year	-	185,622	185,622
Due in More Than One Year	-	5,245,211	5,245,211
Net Pension Liability	3,602,673	-	3,602,673
OPEB Liability	177,323	-	177,323
Total Liabilities	4,358,226	5,446,633	9,804,859
Deferred Inflows of Resources			
Pensions, *Net of Accumulated Amortization*	2,531,201	-	2,531,201
OPEB, *Net of Accumulated Amortization*	35,148	-	35,148
Total Deferred Inflows of Resources	2,566,349	-	2,566,349
Net Position			
Net Investment in Capital Assets	-	(313,964)	(313,964)
Restricted for:			
Debt Service	-	25,870	25,870
Emergencies	99,000	-	99,000
Unrestricted	(3,096,897)	-	(3,096,897)
Total Net Position	$ (2,997,897)	$ (288,094)	$ (3,285,991)

Pikes Peak School of Expeditionary Learning
(A Component Unit of El Paso County School District 49)
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instruction	$ 1,655,721	$ 71,434	$ 18,697	$ (1,565,590)	$ -	$ (1,565,590)
Supporting Services	741,966	-	3,035	(738,931)	-	(738,931)
Total Governmental Activities	2,397,687	71,434	21,732	(2,304,521)	-	(2,304,521)
Business-Type Activities						
Building Corporation	409,932	-	-	-	(409,932)	(409,932)
Total Primary Government	$ 2,807,619	$ 71,434	$ 21,732	(2,304,521)	(409,932)	(2,714,453)
General Revenues						
Per Pupil Revenue				3,318,580	-	3,318,580
District Mill Levy				83,463	-	83,463
Capital Construction				113,492	-	113,492
Grants and Contributions not Restricted to Specific Programs				11,557	48,368	59,925
Investment Income				2,207	161	2,368
Transfers				(375,701)	375,701	-
Total General Revenues and Transfers				3,153,598	424,230	3,577,828
Change in Net Position				849,077	14,298	863,375
Net Position, *Beginning of year*				(3,846,974)	(302,392)	(4,149,366)
Net Position, *End of year*				$ (2,997,897)	$ (288,094)	$ (3,285,991)

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)
Balance Sheet
Governmental Fund
June 30, 2020

		General
Assets		
Cash and Investments	$	3,341,605
Accounts Receivable		57,654
Prepaid expense		-
Total Assets	$	3,399,259
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	21,182
Accrued Liabilities		395,967
Accrued Salaries and Benefits		161,081
Total Liabilities		578,230
Fund Balance		
Restricted for Emergencies		99,000
Unrestricted, Unassigned		2,722,029
Total Fund Balance		2,821,029
Total Liabilities and Fund Balance	$	3,399,259

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

Total Fund Balance of the Governmental Fund	$	2,821,029
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Net pension liability		(3,602,673)
Pension-related deferred outflows of resources		509,387
Pension-related deferred inflows of resources		(2,531,201)
Net OPEB liability		(177,323)
OPEB-related deferred outflows of resources		18,032
OPEB-related deferred inflows of resources		(35,148)
Total Net Position of Governmental Activities	$	(2,997,897)

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2020

	General
Revenues	
Local Sources	$ 3,480,937
State Sources	155,380
Federal Sources	6,304
Total Revenues	3,642,621
Expenditures	
Instruction	2,093,981
Supporting Services	1,234,167
Total Expenditures	3,328,148
Net Change in Fund Balance	314,473
Fund Balance, *Beginning of year*	2,506,556
Fund Balance, *End of year*	$ 2,821,029

See Notes to Financial Statements.

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County District 49)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2020

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

Net Change in Fund Balance of the Governmental Fund	$ 314,473
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:	
Net pension liability	737,383
Pension-related deferred outflows of resources	(1,025,431)
Pension-related deferred inflows of resources	822,789
Net OPEB liability	39,436
OPEB-related deferred outflows of resources	(5,535)
OPEB-related deferred inflows of resources	(34,038)
Change in Net Position of Governmental Activities	$ 849,077

See Notes to Financial Statements.

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Statement of Net Position

Proprietary Fund

June 30, 2020

	Building Corporation
Assets	
Current Assets	
Restricted Cash and Investments	$ 41,670
Total Current Assets	41,670
Noncurrent Assets	
Capital Assets*, Not Being Depreciated*	548,380
Capital Assets*, Net of Accumulated Depreciation*	4,088,314
Total Noncurrent Assets	4,636,694
Total Assets	4,678,364
Deferred Outflows of Resources	
Loss on Debt Refunding*, Net of Accumulated Amortization*	480,175
Liabilities	
Current Liabilities	
Accrued Interest Payable	15,800
Loan Payable*, Current Portion*	185,622
Total Current Liabilities	201,422
Noncurrent Liabilities	
Loan Payable	5,245,211
Total Liabilities	5,446,633
Net Position	
Net Investment in Capital Assets	(313,964)
Restricted for Debt Service	25,870
Total Net Position	$ (288,094)

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the Year Ended June 30, 2020

	Building Corporation
Operating Revenues	
Lease Income	$ 375,701
Total Operating Revenues	375,701
Operating Expenses	
Depreciation	120,913
Debt Service	
Interest and Fiscal Charges	289,019
Total Operating Expenses	409,932
Net Operating Income	(34,231)
Nonoperating Revenues (Expenses)	
Investment Income	161
Net Income Before Capital Contributions	(34,070)
Capital Contributions	48,368
Change in Net Position	14,298
Net Position, *Beginning of year*	(302,392)
Net Position, *End of year*	$ (288,094)

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2020

	Building Corporation
Cash Flows From Operating Activities	
Lease Payments Received	$ 375,701
Loan Interest and Fees Paid	(193,506)
Loan Principal Paid	(179,344)
Net Cash Provided by Operating Activities	2,851
Cash Flows From Investing Activities	
Investment Income Received	161
Net Change in Cash and Cash Equivalents	3,012
Cash and Cash Equivalents, *Beginning of year*	38,658
Cash and Cash Equivalents, *End of year*	$ 41,670
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:	
Net Operating Loss	$ (34,231)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	120,913
Amortization of Loss on Debt Refunding	96,036
Changes in Assets and Liabilities	
Accrued Interest Payable	(523)
Loan Payable	(179,344)
Net Cash Provided by Operating Activities	$ 2,851
Noncash Transactions	
Contributed Capital Assets	$ 48,368

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Pikes Peak School of Expeditionary Learning (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the El Paso County School District 49 (the District). The School began operations in the Fall of 1999.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Reporting Entity

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

The School includes the PPSEL Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was formed in November 2007, exclusively for charitable or educational purposes, and for the purpose of holding title to property and otherwise act to facilitate the operations of the School, and to promote public and charter school education. The Building Corporation is blended into the School's financial statements as an enterprise fund. Separate audited financial statements are not available for the Building Corporation.

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

Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (*Continued)*

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

Separate financial statements are provided for the governmental fund and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The School reports the following major governmental fund:

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

The School reports the following major proprietary fund:

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

Assets, Liabilities and Net Position/Fund Balance

Cash Equivalents - Cash equivalents include investments with original maturities of three months or less.

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

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

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

Land Improvements	10 years
Buildings	50 years
Equipment and Furniture	5 years

Net interest incurred during construction is included in the capitalized value of capital assets in the proprietary fund.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Compensated Absences - The School's policy allows employees to accumulate unused vacation and sick leave. Accumulated unused leave is paid to employees annually at 60% of the daily substitute rate. Therefore, no liability is reported in the financial statements for these compensated absences.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and refunding losses are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

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, and additions to and deductions from the SCHDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SCHDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Risk Management

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

Subsequent Events

The School has evaluated subsequent events through September 15, 2020, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Accountability

At June 30, 2020, the Building Corporation had a negative net position of $288,094. Management expects this negative balance to be eliminated as the Building Corporation's debt is paid.

Note 3: Cash and Investments

Cash and investments at June 30, 2020, consisted of the following.

Deposits	$ 3,341,605
Investments	41,670
Total	$ 3,383,275

Note 3: Cash and Investments (Continued)

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

Cash and Investments	$	3,341,605
Restricted Cash and Investments		41,670
Total	$	3,383,275

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2020, the School had bank deposits of $2,869,654 collateralized with securities held by the financial institutions' agents but not in the School's name.

Investments

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

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

Fair Value Measurements - At June 30, 2020, the Building Corporation's investment in a money market fund was reported at the net asset value per share.

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

Note 3: Cash and Investments (Continued)

Investments *(Continued)*

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At June 30, 2020, the Building Corporation had $41,670 invested in the Morgan Stanley Institutional Liquidity Funds Government Portfolio money market fund, which was rated AAAm by Standard and Poor's.

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

Restricted Cash and Investments

Cash and investments of $41,670 have been restricted for debt service in accordance with the Building Corporation's loan agreements.

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2020, are summarized below.

Business-Type Activities	**Balance**			**Balance**
Capital Assets, *Not Being Depreciated*	**6/30/19**	**Additions**	**Deletions**	**6/30/20**
Land	$ 397,875	$ -	$ -	$ 397,875
Land Improvements	108,505	-	-	108,505
Water Rights	42,000	-	-	42,000
Total Capital Assets, *Not Being Depreciated*	548,380	-	-	548,380
Capital Assets, *Being Depreciated*				
Land Improvements	148,609	-	-	148,609
Buildings	5,138,051	13,918	-	5,151,969
Equipment and Furniture	109,856	34,450	-	144,306
Total Capital Assets, *Being Depreciated*	5,396,516	48,368	-	5,444,884
Less Accumulated Depreciation				
Land Improvements	(24,768)	(14,861)	-	(39,629)
Buildings	(1,101,033)	(102,784)	-	(1,203,817)
Equipment and Furniture	(109,856)	(3,268)	-	(113,124)
Total Accumulated Depreciation	(1,235,657)	(120,913)	-	(1,356,570)
Total Capital Assets, *Being Depreciated, net*	4,160,859	(72,545)	-	4,088,314
Business-Type Activities Capital Assets, *net*	$ 4,709,239	$ (72,545)	$ -	$ 4,636,694

Note 5: Long-Term Debt

	Balance 6/30/19	Additions	Payments	Balance 6/30/20	Due Within One Year
Business-Type Activities					
2015 Building Loan	$ 5,610,177	$ -	$ (179,344)	$ 5,430,833	$ 185,622

In December 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $6,189,136 Charter School Refunding Revenue Bonds, Series 2015. Bond proceeds were used to refund the outstanding Charter School Revenue Bonds, Series 2008. Proceeds of the Series 2008 Bonds were loaned to the Building Corporation under a loan agreement to construct the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities. The Building Corporation is required to make equal loan payments to the trustee, for payment of the bonds. Interest accrues at 3.5% per annum and is payable monthly. Principal payments are due annually on December 1, beginning in 2016, through 2025, with a balloon payment of $4,339,726 due on January 1, 2026.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	$ 185,622	$ 186,649	$ 372,271
2022	192,119	180,049	372,168
2023	198,843	173,218	372,061
2024	205,803	166,148	371,951
2025	213,006	158,831	371,837
2026	4,435,440	89,171	4,524,611
Total	$ 5,430,833	$ 954,066	$ 6,384,899

Note 6: Defined Benefit Pension Plan

General Information

Plan Description - The School contributes to the SCHDTF, a cost-sharing multiple-employer defined benefit pension plan administered by PERA. All employees of the School participate in the SCHDTF. 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 financial report (CAFR) that includes information on the SCHDTF that may be obtained at www.copera.org/investments/pera-financial-reports.

Note 6: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Benefits Provided - The SCHDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement.

The lifetime retirement benefit is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on eligible amounts as of the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors.

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

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

As of December 31, 2019, retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, retirees under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Note 6: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Contributions - The School, eligible employees and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. These contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. The contribution rate for eligible employees is 8.75% of covered salaries during the period of July 1, 2019 through June 30, 2020. The School's contribution rate was 20.40% of covered salaries for July 1, 2019 through June 30, 2020. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes. During the year ended June 30, 2020, the direct distribution for the SCHDTF was $126,505,213.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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. The School's contributions to the SCHDTF for the year ended June 30, 2020 were $280,900, equal to the required contributions.

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 at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

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)*

At June 30, 2020, the School reported a net pension liability of $3,602,673 representing 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 Proportionate share of net pension liability	$	4,059,627
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the School		(456,954)
Proportionate share of the net pension liability	$	3,602,673

The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the School's proportion was 0.0241146245%, which was a decrease of 0.0003956966% from its proportion measured at December 31, 2018.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.
- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million 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. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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)*

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

During the year ended June 30, 2020, the direct distribution for the SCHDTF was $127,367,213.

For the year ended June 30, 2020, the School recognized net pension benefit of $23,976 which was offset by $14,454 of support from the State as a nonemployer contributing entity.

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 196,347	$ -
Changes of assumptions and other inputs	102,852	1,634,138
Net difference between projected and actual earnings on plan investments	-	426,773
Changes in proportion	44,020	470,290
Contributions subsequent to the measurement date	166,168	-
Total	$ 509,387	$ 2,531,201

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)*

School contributions subsequent to the measurement date of $166,168 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2021	$ (1,184,675)
2022	(852,888)
2023	(5,242)
2024	(145,175)
2025	(2)
Total	$ (2,187,982)

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	ad hoc

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

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)*

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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

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)*

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation, and best estimates of geometric real rates of return for each major asset class, as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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)*

- 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. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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 will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

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 School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School's 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 4,777,915	$ 3,602,673	$ 2,615,954

Pension Plan Fiduciary Net Position - Detailed information about the SCHDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Note 7: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible 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 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.

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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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.

Note 7: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the SCHDTF (See Note 6) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. 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. The School's contributions to the HCTF for the year ended June 30, 2020, was $14,799, equal to the required amount.

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

At June 30, 2020, the School reported a net OPEB liability of $177,323, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019.

The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the School's proportion was 0.0157761385%, which was an decrease of 0.0001556662% from its proportion measured at December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of $12,917. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

School contributions subsequent to the measurement date of $8,761 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,		
2021	$	(4,463)
2022		(4,461)
2023		(3,606)
2024		(6,852)
2025		(6,131)
Thereafter		(364)
Total	$	(25,877)

Note 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare Plans	
5.6% in 2019, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.5% in 2019, gradually increasing to 4.5% in 2029	

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

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.

Note 7: Postemployment Healthcare Benefits (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.

Note 7: Postemployment Healthcare Benefits (Continued)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 6).

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, 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 3.50%.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 7: Postemployment Healthcare Benefits (Continued)

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 200,500	$ 177,323	$ 157,503

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	$ 173,111	$ 177,323	$ 182,191

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2020, significant amounts of related expenditures have not been audited but the School believes that no expenditures will be disallowed.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2020, the reserve was reported as restricted fund balance in the General Fund, in the amount of $99,000.

Note 9: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The School has been economically impacted by the event, however the full economic effect has yet to be determined.

Required Supplementary Information

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Public Employees' Retirement Association of Colorado School Division Trust Fund

June 30, 2020

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net							
School's Proportion of the Net Pension Liability	0.0241146245%	0.0245103211%	0.0281658409%	0.0262265675%	0.0244496754%	0.0240127421%	0.0240889865%
School's Proportionate Share of the Net Pension Liability	$ 3,602,673	$ 4,340,056	$ 9,107,832	$ 7,808,663	$ 3,739,405	$ 3,254,533	$ 3,072,544
School's Covered-Employee Payroll	$ 1,418,524	$ 1,347,461	$ 1,299,255	$ 1,177,095	$ 1,065,511	$ 1,005,963	$ 971,103
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	254%	322%	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	57%	44%	43%	59%	63%	64%

	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
School Contributions							
Statutorily Required Contribution	$ 280,900	$ 265,787	$ 248,057	$ 230,669	$ 196,681	$ 172,883	$ 158,088
Contributions in Relation to the Statutorily Required Contribution	(280,900)	(265,787)	(248,057)	(230,669)	(196,681)	(172,883)	(158,088)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered-Employee Payroll	$ 1,450,849	$ 1,389,371	$ 1,313,765	$ 1,254,556	$ 1,108,785	$ 1,023,612	$ 988,682
Contributions as a Percentage of Covered-Employee Payroll	19.36%	19.13%	18.88%	18.39%	17.74%	16.89%	15.99%

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

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Public Employees' Retirement Association of Colorado Health Care Trust Fund

June 30, 2020

	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability			
School's Proportion of the Net OPEB Liability	0.0157761385%	0.0159318047%	0.0160036982%
School's Proportionate Share of the Net OPEB Liability	$ 177,323	$ 216,759	$ 207,984
School's Covered Payroll	$ 1,418,524	$ 1,347,461	$ 1,299,255
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24%	17%	18%

	6/30/20	6/30/19	6/30/18
School Contributions			
Statutorily Required Contribution	$ 14,799	$ 14,172	$ 13,400
Contributions in Relation to the Statutorily Required Contribution	(14,799)	(14,172)	(13,400)
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered Payroll	$ 1,450,849	$ 1,389,371	$ 1,421,742
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	0.94%

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

Pikes Peak School of Expeditionary Learning

(A Component Unit of El Paso County School District 49)

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 3,307,604	$ 3,307,604	$ 3,318,580	$ 10,976
District Mill Levy	76,000	76,000	83,463	7,463
Student Fees and Activities	87,000	87,000	71,434	(15,566)
Contributions	14,000	14,000	5,253	(8,747)
Investment Income	3,500	3,500	2,207	(1,293)
Total Local Sources	3,488,104	3,488,104	3,480,937	(7,167)
State Sources				
Capital Construction	100,000	100,000	113,492	13,492
Grants	12,000	12,000	41,888	29,888
Total State Sources	112,000	112,000	155,380	43,380
Federal Sources				
Impact Aid	-	-	6,304	6,304
Total Revenues	3,600,104	3,600,104	3,642,621	42,517
Expenditures				
Salaries	1,608,906	1,608,906	1,568,371	40,535
Employee Benefits	522,153	522,153	503,769	18,384
Purchased Professional Services	628,750	628,750	667,111	(38,361)
Purchased Property Services	388,000	388,000	384,357	3,643
Other Purchased Services	148,100	148,100	121,145	26,955
Supplies	149,600	149,600	69,273	80,327
Property	78,000	78,000	6,229	71,771
Other	24,000	24,000	7,893	16,107
Total Expenditures	3,547,509	3,547,509	3,328,148	219,361
Net Change in Fund Balance	52,595	52,595	314,473	261,878
Fund Balance, *Beginning of year*	2,079,531	2,077,556	2,506,556	429,000
Fund Balance, *End of year*	$ 2,132,126	$ 2,130,151	$ 2,821,029	$ 690,878

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

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2018. The following revised economic and demographic assumptions were effective as of December 31, 2018.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption increased from 4.78%, net of investment expenses, to 7.25%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

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

All appropriations lapse at fiscal year-end.