THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED JUNE 30, 2021

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
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YEAR ENDED JUNE 30, 2021

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Classical Academy (a component unit of Academy School District Twenty)
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Classical Academy (a component unit of Academy School District Twenty), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's 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 entity's 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Classical Academy as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension information, required OPEB information, and budgetary comparison information as 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of The Classical Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Classical Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Classical Academy's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 30, 2021

As management of The Classical Academy (TCA), we offer readers of the basic financial statements this narrative and analysis of the financial activities of TCA for the year ended June 30, 2021.

Financial Highlights

The year ended June 30, 2021 was the 24th year of operations for TCA. The General Fund balance increased $644,712 to $11,643,065 in the year ended June 30, 2021. This was over the budgeted amount by $2,514,067 (see page 51).

The operations of TCA are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue under the Act for the year from Per Pupil Revenue was $25,790,955 TCA operated within its General Fund expenditure budget during the fiscal year. A budget for each fund was approved for the fiscal year. A revised budget was approved in the second half of the fiscal year for the General Fund, Fundraising Fund, and Special Revenue Fund (Building Corporation).

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how TCA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

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. TCA keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

TCA adopts an annual budget for its General Fund, Fundraising Fund, and Building Fund. Budgetary comparisons (pages 51 – 53) have been provided for the General Fund, Fundraising Fund, and Building Fund to demonstrate actual results and variances to the budget.

Notes to Financial Statements

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

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of TCA's financial position (see page 8). As of June 30, 2021, TCA's assets and deferred outflows of resources were inferior to liabilities and deferred inflows of resources by $15,947,296. $933,242 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. In addition, $1,455,288 is restricted for reserves required as security for the bonds issued to finance the buildings, and $217,410 is restricted for donor purpose. Accordingly, these funds are not available to satisfy general operating expenses of TCA. In addition, $17,164,357 of these funds represent investments in capital assets (net of depreciation) and the long-term liabilities related to capital assets. The remaining deficit balance of ($35,717,593) is due to the net pension liability resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Revenues,* (GASB Statement No. 68). See Note 5 for further explanation of the pension plan.

Government-wide Summary and Comparison

	2021	2020
ASSETS		
Current and Other Assets	$ 24,469,460	$ 23,547,797
Capital Assets	55,533,229	51,096,569
Total Assets	80,002,689	74,644,366
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	4,363,096	4,678,654
Related to OPEB	96,052	100,150
Related to Pension	12,692,600	4,669,259
Total Deferred Outflows of Resources	17,151,748	9,448,063
LIABILITIES		
Current and Other Liabilities	4,904,111	5,746,963
Noncurrent Liabilities	88,620,221	85,766,126
Total Liabilities	93,524,332	91,513,089
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	575,061	401,927
Related to Pension	19,002,340	27,378,269
Total Deferred Outflows of Resources	19,577,401	27,780,196
NET POSITION		
Net Investment in Capital Assets	17,164,357	12,098,811
Restricted:		
Emergencies	933,242	978,392
Repair and Replacement	1,455,288	1,450,216
Donor Purpose	217,410	249,747
Unrestricted	(35,717,593)	(49,978,022)
Total Net Position	$ (15,947,296)	$ (35,200,856)

	2021	2020
REVENUES		
Program Revenues:		
Charges for Services	$ 624,359	$ 871,605
Operating Grants	2,623,619	624,833
Capital Grants	6,883,845	1,417,710
Total Program Revenues	10,131,823	2,914,148
General Revenues:		
Per Pupil Revenue	25,790,955	27,037,061
Mill Levy Override	2,627,875	2,627,874
Grants and Donations	674,144	796,650
Investment Earnings	43,424	292,887
Other	123,263	170,137
Total General Revenue	29,259,661	30,924,609
Total Revenues	39,391,484	33,838,757
EXPENSES		
Instruction	12,228,971	15,162,674
Support Services	5,747,652	6,534,565
Debt Service	2,161,301	2,210,967
Total Expenses	20,137,924	23,908,206
CHANGE IN NET POSITION	19,253,560	9,930,551
Net Position - Beginning of Year	(35,200,856)	(45,131,407)
NET POSITION - END OF YEAR	$ (15,947,296)	$ (35,200,856)

Financial Analysis of TCA's Funds

Governmental Funds. The focus of TCA's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing TCA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of TCA's net resources available for spending at the end of the fiscal year (page 10).

The General Fund is the major operating fund of TCA. For the current fiscal year, the fund balance increased by $644,712 to $11,643,065 (page 12).

The Fundraising Fund is used for a number of student activities, including athletics, clubs, fundraising, PTOs, etc. The fund balance increased by $424,515 during the year primarily due to decrease in instructional expenses related to decreased activity caused by COVID-19. Other sources of revenue, primarily donations to the Annual Fund campaign and student fees were spent for athletic, club expenses, campus needs, and to supplement increases in personnel costs.

The Building Fund comprises the activity of the TCA Building Corporation (TBC), and is used to account for capital outlay associated with capital assets and payment of principal and interest on the outstanding long-term debt of The Classical Academy.

As of the end of the current fiscal year, the TCA's Governmental Funds in the aggregate reported a combined ending fund balance of $20,919,827, an increase of $1,055,279 from the previous year (page 12). The increase is primarily related to additional federal grant revenue and a decrease in instructional expenditures related to COVID-19.

General Fund Budgetary Highlights

TCA's final budget for expenditures was $32,861,629 for the year ended June 30, 2021 (including transfers). Actual expenditures were $31,163,264, resulting in a favorable variance of $1,698,365 (page 51).

The favorable variance in the General Fund was due to conservative budget estimates for student count, Per Pupil Funding and personnel expenses. The remaining favorable variances were spread across departments and programs and were not substantial for any individual program.

Capital Asset and Debt Administration

Capital Assets. TCA's investment in capital assets as of June 30, 2021, amounts to $55,533,229 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, and equipment. This is an increase of $4,436,660 (net of accumulated depreciation) and is due to the construction of the following projects in 2021:

- North Campus Expansion
- North Campus 1st Floor Remodel

In November 2016, voters approved a capital bond issued for TCA's authorizer, Academy School District Twenty (ASD20). TCA's portion of that capital bond was $21.05 million. TCA used the first tranche of $14.64 million to construct an auxiliary gymnasium, theater/auditorium, and high school cafeteria and commons area. At June 30, 2021, TCA had access to the second tranche of $6.41 million and used the proceeds to complete the North Campus expansion, which includes facilities for Athletics and Fine Arts.

See Note 3 for further detail on capital assets.

Long-Term Debt. As of June 30, 2021, TCA had building loans of $45,566,019. This debt is the result of bonds issued during fiscal year 2014-15 that were used to refinance the 2003 and 2008 bonds. These bond issues are collateralized by land and buildings.

Long-term debt is detailed in Note 4 to the financial statements.

COVID-19

During March 2020, the Colorado government enacted a "shelter in place" order and restrictions to travel were initiated by corporations and governments. In March 2020, TCA was required to suspend in person instruction and transitioned teachers and students to remote online learning for the remainder of the school year. TCA invested in technology to facilitate online learning and safety equipment and products to reduce the risk of COVID-19 infection and spread, in anticipation of the return of students for fiscal years 2020-21 and 2021-22.

TCA maintained in person instruction for the entirety of the 2020-21 academic year with the exception of isolated quarantines. We will continue to follow various government policies and advice and will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our community.

Economic Factors and Next Year's Budget

The primary factors driving the budget for TCA are student enrollment and per pupil funding (PPF). Enrollment for 2020-21 school year was 3,349.5 full time equivalent (FTE) students. The enrollment budgeted for the 2021-22 fiscal year is 3,298.5 FTE students. This factor was considered in preparing TCA's budget for 2021-22 fiscal year. The increase in General Fund revenue is derived from a budgeted increase in per pupil revenue of 8.0%, offset by the planned decrease in funded pupil count. PPF for fiscal year 2020-21 was $7,716 and is anticipated to be $8,329 for fiscal year 2021-22.

Requests for Information

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

Mark VanGampleare, Chief Financial Officer
The Classical Academy 975 Stout Road
Colorado Springs, Colorado 80921
(719) 488-6291

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government
	Governmental Activities
ASSETS	
Cash and Investments	$ 18,862,366
Restricted Cash and Investments	4,771,606
Prepaid Expenses	20,583
Accounts Receivable	3,546
Grants Receivable	787,013
Due from District 20	24,346
Capital Assets, Not Being Depreciated	11,542,939
Capital Assets, Net	43,990,290
Total Assets	80,002,689
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Refunding	4,363,096
Related to OPEB	96,052
Related to Pension	12,692,600
Total Deferred Outflows of Resources	17,151,748
LIABILITIES	
Accounts Payable	568,066
Accrued Salaries and Benefits	2,194,554
Accrued Interest	323,015
Noncurrent Liabilities:	
Current Portion of Long-Term Debt	1,818,476
Long-Term Debt	43,925,486
OPEB Liability	1,567,811
Net Pension Liability	43,126,924
Total Liabilities	93,524,332
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	575,061
Related to Pension	19,002,340
Total Deferred Inflows of Resources	19,577,401
NET POSITION	
Net Investment in Capital Assets	17,164,357
Restricted:	
TABOR	933,242
Replacement Repair and Contingency	1,455,288
Donor Purpose	217,410
Unrestricted	(35,717,593)
Total Net Position	$ (15,947,296)

See accompanying Notes to Financial Statements.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instruction	$ 12,228,971	$ 496,153	$ 2,623,619	$ 872,135	$ (8,237,064)
Support Services	5,747,652	128,206	-	6,011,710	392,264
Interest on Long-Term Debt	2,161,301	-	-	-	(2,161,301)
Total Governmental Activities	$ 20,137,924	$ 624,359	$ 2,623,619	$ 6,883,845	(10,006,101)
GENERAL REVENUES					
State Categorical Revenue					25,790,955
Mill Levy Override					2,627,875
Grants and Contributions Not Restricted to Specific Programs					674,144
Investment Income					43,424
Other Revenue					123,263
Total General Revenues					29,259,661
CHANGE IN NET POSITION					19,253,560
Net Position - Beginning of Year					(35,200,856)
NET POSITION - END OF YEAR					$ (15,947,296)

See accompanying Notes to Financial Statements.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Fundraising	Building	Total
ASSETS				
ASSETS				
Cash and Investments	$ 14,306,912	$ 4,395,723	$ 159,731	$ 18,862,366
Restricted Cash and Investments	-	-	4,771,606	4,771,606
Prepaid Items	13,950	6,633	-	20,583
Accounts Receivable	-	-	3,546	3,546
Grants Receivable	787,013	-	-	787,013
Due from District 20	24,346	-	-	24,346
Due from Other Funds	34,187	-	-	34,187
Total Assets	$ 15,166,408	$ 4,402,356	$ 4,934,883	$ 24,503,647
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	$ 541,776	$ 24,815	$ 1,475	$ 568,066
Accrued Salaries and Benefits	2,194,554	-	-	2,194,554
Due to Other Funds	-	34,187	-	34,187
Total Liabilities	2,736,330	59,002	1,475	2,796,807
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	787,013	-	-	787,013
Total Deferred Inflows of Resources	787,013	-	-	787,013
FUND BALANCE				
Nonspendable	13,950	6,633	-	20,583
Restricted:				
TABOR	933,242	-	-	933,242
Donor Restricted	-	217,410	-	217,410
Repair and Replacement	-	-	225,000	225,000
Contingency	-	-	1,230,288	1,230,288
Debt Service	-	-	3,478,120	3,478,120
Assigned:				
Capital Projects	1,000,000	-	-	1,000,000
Subsequent Year Expenditures	804,000	-	-	804,000
Student Activities	-	4,119,311	-	4,119,311
Unassigned	8,891,873	-	-	8,891,873
Total Fund Balance	11,643,065	4,343,354	4,933,408	20,919,827
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 15,166,408	$ 4,402,356	$ 4,934,883	$ 24,503,647

See accompanying Notes to Financial Statements.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balance for Governmental Funds	$ 20,919,827
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	55,533,229
Revenue, such as federal grants, not available to pay for current period expenditures and are therefore shown as deferred inflow of resources in the governmental funds but recorded as operating grants and contributions in the statement of net position.	787,013
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 and Note Payable	(43,480,000)
Premium on Bonds Payable	(2,086,019)
Accrued Interest Payable	(323,015)
Compensated Absences	(177,943)
OPEB Liability	(1,567,811)
Net Pension Liability	(43,126,924)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to Pension	12,692,600
Related to OPEB	96,052
Loss on Refunding	4,363,096
Deferred inflows of resources related to pension used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds	
Related to Pension	(19,002,340)
Related to OPEB	(575,061)
Total Net Position of Governmental Activities	$ (15,947,296)

See accompanying Notes to Financial Statements.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Fundraising	Building	Total
REVENUES				
Revenue from Local Sources	$ 28,568,089	$ 1,170,297	$ -	$ 29,738,386
Revenue from State Sources	1,095,925	-	-	1,095,925
Revenue from Federal Sources	1,591,763	-	-	1,591,763
Other Revenue	162,060	-	4,627	166,687
Total Revenues	31,417,837	1,170,297	4,627	32,592,761
EXPENDITURES				
Current				
Instruction	18,241,861	594,378	-	18,836,239
Support Services	8,130,832	161,265	69,751	8,361,848
Capital Outlay	879,171	-	19,855	899,026
Debt Service				
Principal	-	-	1,475,000	1,475,000
Interest	-	-	1,965,369	1,965,369
Total Expenditures	27,251,864	755,643	3,529,975	31,537,482
Excess of Revenues Over (Under) Expenditures	4,165,973	414,654	(3,525,348)	1,055,279
OTHER FINANCING SOURCES (USES)				
Transfers In	390,139	400,000	3,511,400	4,301,539
Transfers Out	(3,911,400)	(390,139)	-	(4,301,539)
Total Other Financing Sources (Uses)	(3,521,261)	9,861	3,511,400	-
NET CHANGE IN FUND BALANCES	644,712	424,515	(13,948)	1,055,279
Fund Balances - Beginning of Year	10,998,353	3,918,839	4,947,356	19,864,548
FUND BALANCES - END OF YEAR	$ 11,643,065	$ 4,343,354	$ 4,933,408	$ 20,919,827

See accompanying Notes to Financial Statements.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Amount reported for governmental activities in the statement of activities are different because:	
Net Changes in Fund Balances - Governmental Funds	$ 1,055,279
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:	
Capital Outlay	899,026
Depreciation Expense	(2,474,076)
Contributed Capital Assets	6,011,710
Revenue, such as federal grants, not available to pay for current period expenditures and therefore deferred in the governmental funds but recorded as operating grants and contributions in the statement of net position.	787,013
The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal Payments	1,475,000
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, were as these amounts are deferred and amortized in the statement of activities:	
Amortization of Premium	110,533
Amortization of Loss on Refunding	(315,558)
Some expenses in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental funds.	
Change in Compensated Absences	(31,870)
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.	9,093
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:	
OPEB Income	138,755
Pension Income	11,513,123
Change in Contributions Subsequent to Measurement Date	75,532
Change in Net Position for Governmental Activities	$ 19,253,560

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Classical Academy (TCA) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Academy School District Twenty (the District) in the State of Colorado. TCA began operations in 1996.

The accounting policies of TCA conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Following is a summary of the more significant accounting policies.

Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, these basic financial statements present the financial activities of TCA and its component unit. A component unit is a legally separate organization for which TCA is financially accountable or that provide services to TCA. TCA follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining the governmental activities, organizations, and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

TCA includes the TCA Building Corporation (Building Corporation) within its reporting entity. The Building Corporation was organized exclusively for the purpose of holding title to real and personal property and to make that property available for use by TCA. As TCA has the ability to elect and remove Board members of the Building Corporation and the Building Corporation provides services entirely to TCA, the Building Corporation is recorded as a blended component unit under the provisions of GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34,* and the Building Corporation is presented as a special revenue fund (Building Fund). Separate financial statements are not prepared.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Building Corporation leases facilities to TCA. Lease payments between TCA and the Building Corporation are treated as transfers in to the Building Corporation and transfers out to the General Fund. Transfers in and transfers out are eliminated in the governmental activities.

Under current GASB pronouncements, TCA has been determined to be a component unit of the District – the primary government. As such, TCA's financial results are included in the District's Annual Comprehensive Financial Report.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements *(i.e.,* the statement of net position and the statement of activities) report information on all of TCA's financial activities. Governmental activities are normally supported by taxes and intergovernmental revenue. Business-type activities rely, to a significant extent, on fees and charges for support. TCA has no business-type activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Per pupil funding under the School Finance Act is reported as state categorical revenue.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The effect of interfund activity has been removed from the government-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, the operating statement presents increases and decreases in net current assets, and unassigned fund balance is a measure of available spendable resources. This means that only current liabilities are generally included on the governmental fund balance sheet.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means 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. Revenues are considered to be available if collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred and expected to be paid with current available resources.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of TCA are organized on the basis of funds. The operations of the Governmental Funds are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Resources are allocated to and accounted for in the Governmental Funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

TCA reports the following major funds:

General Fund -This fund is the general operating fund of TCA and is used to account for and report all financial resources not accounted for and reported in another fund.

Fundraising Fund - This fund qualifies as a special revenue fund and is used to account for revenue from contributions, grants, and student activities used to support certain TCA activities.

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

Budget

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, including accrued salaries and benefits.

TCA prepares an annual budget and presents it to its Board for approval. During the year ended June 30, 2021, one original and one amended budget was presented to and approved by the Board. Budgets are required by state statutes for all Governmental Funds. Total expenditures for each fund may not legally exceed the amount appropriated.

Net Position/Fund Balance Restricted for TABOR

Article X, Section 20 of the Colorado Constitution (TABOR Amendment) requires restrictions of net position and fund balance for an emergency reserve equal to 3% of the General Fund’s applicable operating revenues less transfers, grant revenues, and donations.

Cash & Investments

TCA’s investments are reported at fair value except for money market funds, which are measured at amortized cost.

Capital Assets

Capital assets are utilized for general operations and are capitalized at acquisition cost if purchased or estimated acquisition cost if donated, at the time of purchase or donation. Capital assets are reported in the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The monetary threshold for capitalization of assets is $5,000. TCA's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets as follows:

Equipment	5 Years
Buildings and Improvements	30 Years

Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net position by a government that is applicable to a future period. It is recorded in the statement of net position but is not recognized in the financial statements as an expense until the period(s) for which it relates. Deferred outflows of resources for TCA as of June 30, 2021 consists of deferred losses on debt refundings, pension related items and OPEB related items.

Accrued Salaries and Benefits/Compensated Absences

These amounts represent salaries and benefits earned by TCA employees, but unpaid at year-end. TCA's policy allows certain classes of employees to accumulate vacation and staff leave. Accumulated leave is paid upon termination of employment if the employee has accrued a minimum number of days.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures/expenses.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 6 for additional information.

Net Pension Liability

TCA's governmental activities reports a net pension liability as of June 30, 2021. TCA is required to report its proportionate share of PERA's unfunded pension liability. See Note 5 for additional information.

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 or resources (revenue) until that time. The deferred inflows of resources reported in the governmental activities is due to pension related items and OPEB related items.

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. However, House Bill 20-1379, signed by Governor Polis on June 29, 2020, suspended the July 1, 2020, direct distribution for the State's 2020-21 fiscal year. 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. The amount of on-behalf payments made for TCA by the State of Colorado are recorded in the fund financial statements.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) TCA reports its fund balance based primarily on the extent to which TCA is bound to honor constraints.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (prepaid amounts) or legally or contractually required to be maintained intact. TCA had $20,583 in nonspendable fund balance at June 30, 2021.

Restricted fund balance represents amount constrained to specific purposes by external parties, enabling legislation and/or constitutional provisions. TCA's restricted fund balance is constrained by constitutional provision (TABOR), donor restrictions, and debt service requirements. TCA had $6,084,060 in restricted fund balance at June 30, 2021.

Committed fund balance represents amounts constrained by the highest level of decision-making authority (TCA's Board) and has been constrained through Board action. Only through similar Board action can the commitment be changed. TCA had $-0- of committed fund balance at June 30, 2021.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned fund balance represents funds that are intended to be used for a specific purpose, but the constraint need not be from the highest level of decision-making authority. Assignment of funds is largely through the adherence to TCA policy relating to the purpose of the special revenue fund the amounts is initially recorded in. TCA had $5,923,311 in assigned fund balance at June 30, 2021.

When both restricted and unrestricted resources are available for use, it is TCA's policy to use restricted resources first, followed by committed, then assigned, then unassigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Investment Policy and Compliance

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

Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of failure of the custodian, the value of TCA's deposits or investments may not be returned. Colorado State statutes govern TCA's deposit of cash. The Colorado Public Deposit Protection Act (PDPA) requires TCA 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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2021 consist of the following:

Cash Deposits	$ 1,896,501
Restricted Cash and Investments	4,771,606
Investments	16,565,489
Certificates of Deposit	400,376
Total Cash and Investments	$ 23,633,972

TCA 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. State statutes do not address custodial risk. Local governments may invest in the following.

- Obligations of the U.S. 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

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, 2021 consist of the following:

Investments	Less Than 1 Year	1 to 5 years	Fair Value
U.S Treasury Bonds	$ 4,528,204	$ -	$ 4,528,204
Money Market Funds	16,808,891	-	16,808,891
	$ 21,337,095	$ -	$ 21,337,095

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).

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more NRSROs.

Investments	AAAm*	Fair Value
U.S Treasury Bonds	$ 4,528,204	$ 4,528,204
Money Market Funds	16,808,891	16,808,891
	$ 21,337,095	$ 21,337,095

*Standard and Poor's Rating

Concentration of Credit Risk

State statutes generally do not limit the amount TCA may invest in one issuer. As of June 30, 2021, TCA did not have any investments in individual issuers representing a concentration of more than 5% of total investments.

Restricted Cash and Investments

Cash and investments of $4,771,606 have been restricted in the Building Corporation for debt services in accordance with the bond agreements. Included in the total restricted cash and investment balance, $225,000 has been restricted in the Building Corporation for replacements, repairs, and contingencies relating to the building in accordance with the lease agreements.

Fair Value Measurement

TCA 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. TCA has the following recurring fair value measurements as of June 30, 2021:

Investments	Level 1	Level 2	Level 3	Fair Value
U.S Treasury Bonds	$ -	$ 4,528,204	$ -	$ 4,528,204
	$ -	$ 4,528,204	$ -	$ 4,528,204

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2021, TCA had $4,371,606 and $12,437,285 invested in government money market funds administered by Wells Fargo #743 and Federated Governmental Obligations Fund #636, respectively. Contributions and redemptions of the government money market funds and the Federated Governmental Obligations Fund are transacted at $1.00 per share and have maturities of less than one year. In addition, the government money market funds and Federated Governmental Obligations Fund maintain a weighted average maturity of less than 60 days and a weighted average life of less than 120 days. The government money market funds and the Federated Governmental Obligations Fund are rated AAAm by Standard & Poor's and are valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

NOTE 3 CAPITAL ASSETS

As of June 30, 2021, capital assets of TCA consisted of the following:

	June 30, 2020	Additions	Deletions	June 30, 2021
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	$ 4,024,412	$ -	$ -	$ 4,024,412
Construction-in-Progress	607,791	6,910,736	-	7,518,527
Total Capital Assets, Not Depreciated	4,632,203	6,910,736	-	11,542,939
Capital Assets, Being Depreciated:				
Building and Improvements	70,119,623	-	-	70,119,623
Transportation and Facility Equipment	118,066	-	-	118,066
Total Capital Assets Being Depreciated	70,237,689	-	-	70,237,689
Accumulated Depreciation:				
Building and Improvements	(23,701,264)	(2,464,990)	-	(26,166,254)
Transportation and Facility Equipment	(72,059)	(9,086)	-	(81,145)
Facility Equipment				
Total Accumulated Depreciation	(23,773,323)	(2,474,076)	-	(26,247,399)
Total Capital Assets Being Depreciated, Net	46,464,366	(2,474,076)	-	43,990,290
Total Capital Assets	$ 51,096,569	$ 4,436,660	$ -	$ 55,533,229

Depreciation

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
Instruction	$ 1,855,557
Support Services	618,519
	$ 2,474,076

NOTE 4 LONG-TERM DEBT

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

	June 30, 2020	Additions	Deletions	June 30, 2021	Amounts Due Within One Year
Compensated Absences	$ 146,073	$ 105,802	$ (73,932)	$ 177,943	$ 177,943
Building Loans	44,955,000	-	(1,475,000)	43,480,000	1,530,000
Premium	2,196,552	-	(110,533)	2,086,019	110,533
OPEB Liability	1,883,798	-	(315,987)	1,567,811	-
Net Pension Liability	38,316,309	-	4,810,615	43,126,924	-
Total	$ 87,497,732	$ 105,802	$ 2,835,163	$ 90,438,697	$ 1,818,476

Pension and other post-employment benefit costs are paid from various funds in the same proportion that those funds pay payroll costs; 100% are expected to be liquidated from the General Fund.

Compensated Absences

As of June 30, 2021, no amount of compensated absences is considered matured and therefore in accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in the Governmental Fund Financial Statements* no amount of compensated absences is recorded in the General Fund.

Building Loans

In February 2015, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $13,315,000 Charter School Refunding Revenue Bonds (The Classical Academy Project), Series 2015A, and $1,455,000 Charter School Refunding Revenue Bonds (The Classical Academy Project), Series 2015B at a premium totaling $16,223,198. In connection with the refunding of the 2008 series, TCA recognized a loss on refunding totaling $2,659,290, which is recorded as a deferred outflow on the statement of net position and will be amortized over the remaining life of the 2008 series.

Proceeds of the Bonds were used to defease the CECFA Charter School Revenue Bonds, Series 2008 A and B (Note 7). Proceeds of the Bonds were loaned to the Building Corporation to finance the construction of educational facilities for use by TCA and Pikes Peak Community College.

Pikes Peak Community College is obligated under a lease agreement to make monthly rental payments of $7,083 to TCA from September 1, 2009 through June 30, 2039, with optional monthly payments of $3,542 thereafter, through June 30, 2048, and to reimburse TCA for utilities, janitorial and maintenance costs. TCA is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities.

NOTE 4 LONG-TERM DEBT (CONTINUED)

The Building Corporation is required to make equal loan payments to the trustee for payment of the Bonds. Annual principal payments and semi-annual interest payments, with interest accruing at rates ranging from 2.75% to 5.25%, are required under the Bond indenture. The Bonds mature on December 1, 2038, and are collateralized by the facilities. The balance outstanding on the bonds at June 30, 2021 was $12,645,000.

In September 2014, CECFA issued $36,595,000 Charter School Refunding and Improvement Revenue Bonds (The Classical Academy Project), Series 2014. Proceeds of the Bonds were used to refund and subsequently pay in full the CECFA Charter School Revenue Bonds, Series 2003 at a premium totaling $37,877,520. In connection with the refunding of the 2003 series, TCA recognized a loss on refunding totaling $3,798,795, which is recorded as a deferred outflow on the statement of net position and will be amortized over the remaining life of the 2003 series. The proceeds were loaned to the Building Corporation under a loan agreement to construct educational facilities.

TCA is obligated under a lease agreement to make monthly lease payments to the Building Corporation for use of the facilities. The Building Corporation is required to make equal loan payments to the trustee, for payment of the Bonds. Annual principal payments and semi-annual interest payments, with interest accruing at rates ranging from 2.75% to 5.25%, are required under the Bond indenture. The Bonds mature on December 1, 2039, and are collateralized by the facilities.

The balance outstanding on the bonds at June 30, 2021 was $30,835,000. Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 1,530,000	$ 1,938,088	$ 3,468,088
2023	1,590,000	1,877,262	3,467,262
2024	1,655,000	1,814,038	3,469,038
2025	1,725,000	1,748,212	3,473,212
2026	1,800,000	1,667,675	3,467,675
2027-2031	10,405,000	6,953,900	17,358,900
2032-2036	13,140,000	4,210,950	17,350,950
2037-2040	11,635,000	1,180,300	12,815,300
Total	$ 43,480,000	$ 21,390,425	$ 64,870,425

NOTE 5 DEFINED BENEFIT PENSION PLAN

TCA participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the 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.

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. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

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

Benefits Provided as of December 31, 2020: PERA provides retirement, disability, and survivor benefits. Retirements are determined by the amount of service credit earned and/or purchases, highest average salary, the benefit structure 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 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent 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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

In all cases the service retirement benefit is limited to 100 percent 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.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, 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 an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership 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 aforementioned 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 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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2021: Eligible employees of TCA and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq* and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. The employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer Contribution Rate[1]	10.90 %
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)[1]	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.88 %
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]	19.88 %

[1]Rates 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 (actual dollars) 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) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and TCA is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for TCA for the year ended June 30, 2021 were $3,070,411.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. TCA's proportion of the net pension liability was based on TCA's contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. 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.

At June 30, 2021, TCA reported a liability of $43,126,924 for its proportionate share of the net pension liability. The amount recognized by TCA 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 TCA were as follows:

TCA's Proportionate Share of the Net Pension Liability	$ 43,126,924
State's Proportionate Share of the Net Pension Liability Associated with TCA	-
Total	$ 43,126,924

At December 31, 2020, TCA's proportion was 0.28527%, which was an increase of 0.02880% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, TCA recognized pension income of $13,151,310 and revenue of $-0- for the support provided by the State as a nonemployer contributing entity. At June 30, 2021, TCA 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
Difference Between Expected and Actual Experience	$ 2,369,610	$ -
Changes of Assumptions or Other Inputs	4,148,676	7,249,271
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	9,493,217
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	4,611,659	2,259,852
Contributions Subsequent to the Measurement Date	1,562,655	-
Total	$ 12,692,600	$ 19,002,340

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

$1,562,655 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2022	$	(7,646,261)
2023		2,272,111
2024		(1,000,637)
2025		(1,497,608)
Total	$	(7,872,395)

Actuarial Assumptions

The total pension liability in the December 31, 2019 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[1]	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

Healthy mortality assumptions for active members reflect 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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

The actuarial assumptions used in the December 31, 2019, valuation 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 PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Salary scale assumptions were revised to align with 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 assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

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

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

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

- **Females:** 105 percent 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 percent of the rates for all ages with generational projection using scale MP-2019.

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

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	54.00 %	5.60 %
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives[1]	6.00	4.70
Total	100.00	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 percent.

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent. 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 percent.

- 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.

- 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 current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State of Colorado, as a nonemployer contributing entity, will provide an annual direct distribution of $225,000,000, 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 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State‘s 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- 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 position 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of TCA'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%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 58,828,657	$ 43,126,924	$ 30,042,207

Pension Plan Fiduciary Net Position: Detailed information about the SCHDTF's FNP is available in PERA's Annual Report, which can be obtained at:
www.copera.org/investments/pera-financial-reports.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS

General Information about the OPEB Plan

Plan Description

Eligible employees of TCA 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. 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

Enrollment in the PERACare 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.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

PERA Benefit Structure

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

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

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent 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 percent of PERA-includable salary into the HCTF.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and TCA is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from TCA were $157,536 for the year ended June 30, 2021.

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

At June 30, 2021, TCA reported a liability of $1,567,811 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020. TCA's proportion of the net OPEB liability was based on the TCA's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, TCA's proportion was 0.16499% which was a decrease of 0.00260% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, TCA recognized OPEB income of $218,931. At June 30, 2021, TCA 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	$ 4,161	$ 344,680
Changes of Assumptions or Other Inputs	11,715	96,137
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	64,062
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	-	70,182
Contributions Subsequent to the Measurement Date	80,176	-
Total	$ 96,052	$ 575,061

$80,176 reported as deferred outflows of resources related to OPEB resulting from TCA contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Year Ended June 30,	Amount
2022	$ (132,251)
2023	(123,288)
2024	(131,673)
2025	(121,575)
2026	(47,363)
Thereafter	(3,035)
Total	$ (559,185)

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % in the aggregate
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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2020, 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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Prescription	$ 588	$ 227	$ 550
Kaiser Permanente Medicare Advantage HMO	621	232	586

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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, 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 for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	**School Division**	**Local Government Division**	**Judicial Division**
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Price Inflation	2.30%	2.30%	2.30%	2.30%
Real Wage Growth	0.70%	0.70%	0.70%	0.70%
Wage Inflation	3.00%	3.00%	3.00%	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

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

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

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

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent 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 mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board’s actuary, as discussed above.

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. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

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 percent.

Sensitivity of TCA's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 1,527,289	$ 1,567,811	$ 1,614,984

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2020, 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 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the 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 make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent.

Sensitivity of TCA'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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

NOTE 6 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 1,795,956	$ 1,567,811	$ 1,372,879

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF plan's fiduciary net position is available in the PERA's Annual Report, which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7 COMMITMENTS AND CONTINGENCIES

TABOR Amendment

Article X, Section 20 of the Colorado Constitution (TABOR Amendment) requires state and local governments to establish an emergency reserve, limits spending to a predefined benchmark and places restrictions on multiple fiscal year debt. The TABOR Amendment is complex and subject to judicial interpretation. However, as of June 30, 2021, TCA believes it has complied with the TABOR requirements. At June 30, 2021, TCA's reserve of $933,242 was reported as a restricted fund balance in the General Fund and governmental activities.

Defeased Bonds

With the issuance of the 2015A and B CECFA bonds, proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the 2008 A&B Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased bonds at June 30, 2021 was $11,695,000.

NOTE 8 LIABILITY FOR UNSUBMITTED CLAIMS

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The carrying amount of claim liabilities are stated at anticipated cost for claims expected to be paid during the next year. The estimated claim liability of $795,469 and $908,905 as of June 30, 2021 and 2020, respectively, represents an estimate of IBNR claims. This plan is included in TCA's general fund within the financial statement line accrued salaries and benefits. The following presents the changes in claims liability balances during the current fiscal year ended June 30, 2021 and prior fiscal year ended June 30, 2020:

NOTE 8 LIABILITY FOR UNSUBMITTED CLAIMS (CONTINUED)

	2021	2020
Beginning Balance - July 1	$ 908,905	$ 844,260
Current Year Claims and Fees	1,354,292	1,519,898
Claims Paid	(1,467,728)	(1,455,253)
Ending Balance - June 30	$ 795,469	$ 908,905

NOTE 9 RELATED-PARTY TRANSACTIONS

State categorical revenue consists of cash payments passed through the District totaling $25,791,279 for the year ended June 30, 2021. In addition, as of June 30, 2021 TCA had $24,346 due from the District.

For the year ended June 30, 2021, TCA contributed $11,300 to the Education Alliance of Colorado (EAC). EAC was founded in 2021 by two board members of TCA to support and protect educational interests in Colorado.

NOTE 10 INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

All inter-fund receivables and payables are created in conjunction with TCA's cash and investment portfolios. Balances are routinely cleared as a matter of practice. All balances are expected to be repaid within one year. As of June 30, 2021, the Fundraising Fund owed $34,187 to the General Fund.

Transfers

During the year ended June 30, 2021, the General Fund subsidized the activities of the Fundraising Fund with a transfer of $400,000 and transferred $3,511,400 to the Building Fund for debt payments. The Fundraising Fund transferred $390,139 to the General Fund.

NOTE 11 RISK MANAGEMENT

TCA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. TCA carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
TCA's Proportion of the Net Pension Liability	0.285269034%	0.256471656%	0.262766538%	0.301982292%	0.304882153%	0.300493717%	0.293307900%	0.289133111%
TCA's Proportionate Share of the Net Pension Liability	$ 43,126,924	$ 38,316,309	$ 46,528,213	$ 97,650,341	$ 90,775,207	$ 45,958,392	$ 39,753,073	$ 36,878,850
State's Proportionate Share of the Net Pension Liability Associated with the TCA **	-	4,859,936	6,362,087	-	-	-	-	-
Total	$ 43,126,924	$ 43,176,245	$ 52,890,300	$ 97,650,341	$ 90,775,207	$ 45,958,392	$ 39,753,073	$ 36,878,850
TCA's Covered Payroll	$ 15,257,724	$ 15,069,713	$ 14,445,628	$ 13,952,522	$ 13,610,248	$ 13,043,786	$ 12,287,493	$ 11,655,865
TCA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.70%	254.26%	322.09%	699.88%	666.96%	352.34%	323.52%	316.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.00%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

* 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.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
SCHEDULE OF EMPLOYER PENSION PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 3,070,411	$ 2,979,870	$ 2,817,569	$ 2,672,087	$ 2,523,065	$ 2,379,751	$ 2,018,836	$ 1,810,158
Contributions in Relation to the Contractually Required Contribution	3,070,411	2,979,870	2,817,569	2,672,087	2,523,065	2,379,751	2,018,836	1,810,158
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TCA's Covered Payroll	$ 15,444,690	$ 15,375,996	$ 14,728,535	$ 14,153,567	$ 13,727,480	$ 13,420,962	$ 12,287,493	$ 11,655,865
Contributions as a Percentage of Covered Payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.43%	15.53%

Note: Information is not available prior to 2014. In future reports, additional years will be added until 10 years historical data are presented.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST FIVE FISCAL YEARS

Fiscal Year	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
TCA's Proportion of the OPEB Liability	0.164993658%	0.167598003%	0.170798971%	0.171551725%	0.173298589%
TCA's Proportionate Share of the OPEB Liability	$ 1,567,811	$ 1,883,798	$ 2,323,792	$ 2,229,486	$ 2,246,875
TCA's Covered Payroll	$ 15,257,724	$ 15,069,713	$ 14,445,628	$ 13,952,522	$ 13,610,248
TCA's Proportionate Share of the OPEB Liability as a Percentage of its Covered Payroll	10.28%	12.50%	16.09%	15.98%	16.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 157,536	$ 156,835	$ 150,231	$ 144,366	$ 140,020	$ 136,894	$ 125,332	$ 118,890
Contributions in Relation to the Contractually Required Contribution	157,536	156,835	150,231	144,366	140,020	136,894	125,332	118,890
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TCA's Covered Payroll	$ 15,444,690	$ 15,375,996	$ 14,728,535	$ 14,153,567	$ 13,727,480	$ 13,420,962	$ 12,287,493	$ 11,655,865
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Note: Information is not available prior to 2014. In future reports, additional years will be added until 10 years historical data are presented.

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUE				
Local Sources				
Per Pupil Revenue	$ 24,704,991	$ 25,200,000	$ 25,790,955	$ 590,955
Mill Levy Override	2,627,874	2,627,874	2,627,875	1
Grants	438,000	1,258,000	21,053	(1,236,947)
Rental Income	128,900	128,900	128,206	(694)
Investment Income	45,800	30,000	38,797	8,797
Miscellaneous	10,000	10,000	123,263	113,263
State Sources				
Special Education	223,600	245,000	223,790	(21,210)
Capital Construction	607,500	747,500	872,135	124,635
Federal Sources				
Impact Aid	70,000	70,000	80,298	10,298
Special Education	275,000	275,000	278,588	3,588
Coronavirus Relief Fund	-	-	1,232,877	1,232,877
Total Revenues	29,131,665	30,592,274	31,417,837	825,563
EXPENDITURES				
Instructional and Supporting Services	27,022,629	27,466,629	26,372,693	1,093,936
Capital Outlay	1,400,000	1,400,000	879,171	520,829
Total Expenditures	28,422,629	28,866,629	27,251,864	1,614,765
OTHER FINANCING SOURCES (USES)				
Transfers In	360,000	400,000	390,139	(9,861)
Transfers Out	(3,995,000)	(3,995,000)	(3,911,400)	83,600
Total Other Financing Sources (Uses)	(3,635,000)	(3,595,000)	(3,521,261)	73,739
NET CHANGE IN BALANCE	(2,925,964)	(1,869,355)	644,712	2,514,067
Fund Balance - Beginning of Year	10,272,000	10,998,353	10,998,353	-
FUND BALANCE - END OF YEAR	$ 7,346,036	$ 9,128,998	$ 11,643,065	$ 2,514,067

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
BUDGETARY COMPARISON SCHEDULE
FUNDRAISING FUND
YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUE				
Local Sources				
Fee and Service Revenue	$ 878,000	$ 878,000	$ 496,153	$ (381,847)
Contributions and Donations	500,000	2,150,000	674,144	(1,475,856)
Investment Income	39,000	39,000	-	(39,000)
Total Revenues	1,417,000	3,067,000	1,170,297	(1,896,703)
EXPENDITURES				
Instructional and Supporting Services	1,240,100	1,240,100	755,643	484,457
Total Expenditures	1,240,100	1,240,100	755,643	484,457
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	-
Transfers Out	(360,000)	(1,900,000)	(390,139)	1,509,861
Total Other Financing Sources (Uses)	40,000	(1,500,000)	9,861	1,509,861
NET CHANGE IN BALANCE	216,900	326,900	424,515	97,615
Fund Balance - Beginning of Year	3,886,656	3,918,839	3,918,839	-
FUND BALANCE - END OF YEAR	$ 4,103,556	$ 4,245,739	$ 4,343,354	$ 97,615

THE CLASSICAL ACADEMY
(A COMPONENT UNIT OF ACADEMY SCHOOL DISTRICT TWENTY)
BUDGETARY COMPARISON SCHEDULE
BUILDING CORPORATION
YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUE				
Local Sources				
Investment Income	$ 8,000	$ 8,000	$ 4,627	$ (3,373)
Total Revenues	8,000	8,000	4,627	(3,373)
EXPENDITURES				
Administrative and Supporting Services	75,000	75,000	69,751	5,249
Capital Outlay	-	1,500,000	19,855	1,480,145
Debt Service				
Principal	1,475,000	1,475,000	1,475,000	-
Interest	2,004,770	2,004,770	1,965,369	39,401
Total Expenditures	3,554,770	5,054,770	3,529,975	1,524,795
OTHER FINANCING SOURCES				
Transfers In	3,595,000	5,095,000	3,511,400	(1,583,600)
Total Other Financing Sources	3,595,000	5,095,000	3,511,400	(1,583,600)
NET CHANGE IN BALANCE	48,230	48,230	(13,948)	(62,178)
Fund Balance - Beginning of Year	4,764,000	4,947,356	4,947,356	-
FUND BALANCE - END OF YEAR	$ 4,812,230	$ 4,995,586	$ 4,933,408	$ (62,178)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
The Classical Academy (a component unit of Academy School District Twenty)
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Classical Academy (a component unit of Academy School District Twenty), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise The Classical Academy's basic financial statements, and have issued our report thereon dated September 30, 2021 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Classical Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Classical Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of The Classical Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood, Colorado
September 30, 2021