MOUNTAIN PHOENIX COMMUNITY SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2026

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Mountain Phoenix Community School
Wheat Ridge, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Mountain Phoenix Community School (the "School"), a component unit of Jefferson County School District R-1, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mountain Phoenix Community School as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 38-44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

John Cutler & Associates, LLC

October 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help Mountain Phoenix Community School (MPCS or the School) stakeholders understand what the financial statements and notes in this financial report say about the health of the School and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School's finances.

If you have questions about this report or require further information, contact the Business Office at Mountain Phoenix Community School, Wheat Ridge, Colorado.

OVERVIEW OF THE FINANCIAL STATEMENTS

Mountain Phoenix Community School's (MPCS) financial report contains basic financial statements that present the School's finances at both an overall and a detailed level. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements

The first two statements—the Statement of Net Position and the Statement of Activities—provide an overall view of the School's financial position and activities. These statements report MPCS's governmental activities, including instruction, supporting services, school administration, operations and maintenance, and other programs and services provided to students and staff.

Governmental activities are financed primarily through per-pupil revenue, mill levy override funding, grants, donations, and other state and local revenue sources.

Fund Financial Statements

The remaining basic financial statements present MPCS's finances in greater detail. Fund financial statements report financial information according to the specific purposes for which resources are used or restricted.

MPCS reports governmental fund financial statements that present the General Fund as the School's primary operating fund. The General Fund includes revenues and expenditures associated with instruction, supporting services, administration, staffing, daily school operations, and capital-related activities. The financial statements also report resources restricted for construction and debt service.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources.

Notes to the Financial Statements

The notes to the financial statements provide additional information necessary to understand the School's financial position and activities. They explain significant accounting policies, provide further details about amounts reported in the financial statements, and disclose other important financial information, including capital assets, long-term obligations, pensions, and other postemployment benefits.

FINANCIAL SUMMARY

Table A-1 compares the School's financial position at June 30, 2026 and 2025. Total assets decreased by $118,393, from $11,526,633 to $11,408,240, primarily reflecting a decrease in net capital assets. Total liabilities decreased by $1,030,453, from $16,788,075 to $15,757,622. Deferred outflows of resources decreased by $792,027, while deferred inflows of resources increased by $664,615, primarily reflecting pension and other postemployment benefit accounting adjustments. Overall, the School's net position decreased by $544,582, from ($3,947,895) to ($4,492,477).

Table A-1
Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 2,729,803	$ 2,558,692	6.7%
Capital assets, net	8,678,437	8,967,941	-3.2%
Total assets	11,408,240	11,526,633	-1.0%
Deferred outflows of resources	1,318,977	2,111,004	-37.5%
Long-term liabilities	15,198,189	16,412,301	-7.4%
Other liabilities	559,433	375,774	48.9%
Total liabilities	15,757,622	16,788,075	-6.1%
Deferred inflows of resources	1,462,072	797,457	83.3%
Net position			
Net investment in capital assets	2,739,554	3,339,101	-18.0%
Restricted	1,228,698	689,015	78.3%
Unrestricted	(8,460,729)	(7,976,011)	6.1%
Total net position	$(4,492,477)	$(3,947,895)	13.8%

GOVERNMENT-WIDE ACTIVITIES

Table A-2 summarizes governmental activities for fiscal years 2026 and 2025. Total revenues increased by $328,419 (3.6%), while expenses increased by $124,758 (1.3%). Revenues of $9,370,041 were less than expenses of $9,914,623, resulting in a $544,582 decrease in net position, compared with a $748,243 decrease in fiscal year 2025.

Table A-2
Changes in Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues			
Program Revenues:			
Charges for services	$ 558,902	$ 685,421	-18.5%
Operating grants and contributions	730,696	580,160	25.9%
Capital grants and contributions	206,415	211,727	-2.5%
General revenues:			
Property taxes/District mill levy	1,175,912	1,148,889	2.4%
State equalization/PPR	6,207,755	5,950,475	4.3%
Grants and contributions not restricted to specific programs	-	-	0.0%
Unrestricted investment earnings	85,692	92,297	-7.2%
Other general revenues	404,669	372,653	8.6%
Total revenues	9,370,041	9,041,622	3.6%
Expenses			
Instruction	4,507,312	4,811,145	-6.3%
Supporting services	5,006,551	4,492,306	11.4%
Interest on long-term debt	400,760	486,414	-17.6%
Total Expenses	9,914,623	9,789,865	1.3%
Change in net position	(544,582)	(748,243)	-27.2%
Net position - beginning	(3,947,895)	(3,199,652)	23.4%
Net position - ending	$ (4,492,477)	$ (3,947,895)	13.8%

Program revenues and other general revenues

Capital grants and contributions totaled $206,415, compared with $211,727 in fiscal year 2025, a decrease of $5,312 (2.5%). Capital construction allocations and BEST-funded campus security project grants represent the primary drivers of capital revenue activity during the fiscal year.

Operating grants and contributions totaled $730,696, compared with $580,160 in fiscal year 2025, an increase of $150,536 (25.9%). The $150,536 increase reflects expanded grant funding for Special Education allocations, Universal Preschool programs, and instructional support grants.

Mill levy override revenue increased $27,023 (2.4%), from $1,148,889 in fiscal year 2025 to $1,175,912 in fiscal year 2026. The $27,023 increase reflects annual growth in Jefferson County property tax valuations and local mill levy distribution allocations.

Other general revenues increased by $32,016, or 8.6%, from $372,653 in fiscal year 2025 to $404,669 in fiscal year 2026. The increase was influenced by insurance proceeds received during fiscal year 2026 related to flood damage affecting two Early Childhood classrooms.

State equalization/Per pupil revenue

Per pupil revenue increased by $257,280 (4.3%), from $5,950,475 in fiscal year 2025 to $6,207,755 in fiscal year 2026. The budgetary notes report funded enrollment of 545.22 FTE, compared with an original budget assumption of 539 FTE, and a $56,067 increase in budgeted PPR from the original to final budget. These budgetary changes are not the same as the year-over-year increase in actual PPR.

State equalization/per pupil revenue is determined under the Colorado school finance formula and is funded through a combination of local and state sources. For entities funded under that formula, increases in local property tax and specific ownership tax collections may reduce the state share, while decreases in local collections may increase the state share, without necessarily changing the total amount of formula funding received.

Changes in expenses for governmental activities

Instruction expenses declined by $303,833 (6.3%), from $4,811,145 to $4,507,312. Supporting services expenses increased by $514,245 (11.4%), from $4,492,306 to $5,006,551. The budgetary notes identify contractor expenditures for special education staffing and flood-related services as significant purchased-services costs.

Interest on long-term debt decreased by $85,654, or 17.6%, from $486,414 in fiscal year 2025 to $400,760 in fiscal year 2026. Outstanding revenue bonds remained unchanged at $6,495,000.

Net position and GASB 68 (pensions) and GASB 75 (OPEB)

MPCS participates in the statewide pension and other postemployment benefit (OPEB) plans administered by Colorado PERA. Under GASB Statements No. 68 and 75, the School reports its proportionate share of pension and OPEB liabilities, along with related deferred inflows and outflows of resources. These amounts are affected by actuarial assumptions, investment performance, and other factors that may fluctuate significantly from year to year.

Table A-1.1
Net Position Excluding Pension and OPEB Related Items

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Total net position	$ (4,492,477)	$ (3,947,895)	13.8%
Add net pension liability	8,608,058	9,744,408	-11.7%
Add OPEB liability	95,131	172,893	-45.0%
Add deferred pension inflows	1,352,695	690,528	95.9%
Add deferred OPEB inflows	109,377	106,929	2.3%
Less deferred pension outflows	(1,227,870)	(2,016,391)	-39.1%
Less deferred OPEB outflows	(24,310)	(25,342)	-4.1%
Total net position excluding pension and OPEB related items	$ 4,420,604	$ 4,725,130	-6.4%

Effect of Pension and OPEB Accounting on Net Position

Table A-1.1 illustrates the effect of these pension and OPEB-related balances on the School's reported net position. As of June 30, 2026, MPCS reported a total net position deficit of $(4,492,477). Excluding pension and OPEB-related liabilities and deferred resource balances results in an adjusted net position of $4,420,604, compared with $4,725,130 in FY 2025—a decrease of $304,526, or 6.4%.

This supplemental calculation provides additional perspective on the School's operational financial position but does not replace its reported net position under generally accepted accounting principles (GAAP) or represent liquid funds available for operations.

DETAILED ANALYSES — GOVERNMENTAL FUNDS

The accompanying governmental fund financial statements present the General Fund as the School's primary operating fund. In accordance with governmental accounting standards, the financial activity of the Mountain Phoenix Community School Building Corporation is blended and incorporated within the General Fund presentation rather than presented as a separate major fund. Restricted resources for TABOR emergencies, debt service, and capital construction are reported directly within the General Fund.

Governmental fund financial statements focus on short-term current financial resources and liquidity. As of June 30, 2026, total General Fund balance was $2,546,400. This balance includes $265,833 restricted for TABOR emergencies, $471,544 restricted for debt service, $491,321 restricted for capital construction, and $1,317,702 in unassigned fund balance. Restricted amounts are subject to external constraints and are not available for general operational spending.

General Fund Financial Performance

During fiscal year 2026, the General Fund balance increased by $27,802 (1.1%), from $2,518,598 at June 30, 2025 to $2,546,400 at June 30, 2026. Table A-3 summarizes the revenues, expenditures, and changes in fund balance for the General Fund for fiscal years 2026 and 2025.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Total Percent Change
	2026	2025	2026-2025
Revenues			
Local sources	$ 8,347,238	$ 8,157,438	2.3%
State sources	937,111	791,887	18.3%
Federal sources	-	-	0.0%
Total revenues	9,284,349	8,949,325	3.7%
Expenditures			
Instruction	4,302,632	4,517,867	-4.8%
Supporting services	4,295,890	3,829,416	12.2%
Capital Outlay	255,937	334,492	-23.5%
Debt service	402,088	402,087	0.0%
Total Expenditures	9,256,547	9,083,862	1.9%
Net change in fund balance	27,802	(134,537)	
Fund balance - beginning	2,518,598	2,653,135	-5.1%
Fund balance - ending	$ 2,546,400	$ 2,518,598	1.1%

Total fund revenues increased by $335,024 (3.7%) to $9,284,349 (driven primarily by state funding allocations), while total fund expenditures increased by $172,685 (1.9%) to $9,256,547. The growth in restricted debt service and capital construction reserves, alongside a decline in unassigned fund balance (from $1,829,583 to $1,317,702), reflects the strategic commitment of liquid resources toward ongoing facility debt service obligations and campus infrastructure projects.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The School's net capital assets decreased by $289,504, or 3.2%, from $8,967,941 at June 30, 2025, to $8,678,437 at June 30, 2026. This decrease reflects $547,441 in depreciation expense and $34,511 in construction-in-progress reductions, partially offset by $292,448 in capital asset additions.

At June 30, 2026, capital assets not being depreciated totaled $1,005,514, consisting of land valued at $830,000 and construction in progress of $175,514. Depreciable capital assets, net of accumulated depreciation, totaled $7,672,923.

During fiscal year 2026, capital additions included $184,729 in construction in progress for facility and campus security upgrades supported by the Building Excellent Schools Today (BEST) Grant and $107,719 in building improvements. Completed construction in progress totaling $34,511 was placed into service during the year. Certain security-related project purchases were delayed and will be completed in fiscal year 2027.

Long-Term Obligations

The School's outstanding long-term debt totaled $6,495,000 at June 30, 2026, unchanged from the prior fiscal year, representing the CECFA Charter School Revenue Bonds Series 2023. Of this total, $85,000 is due within one year (fiscal year 2027 principal payment), with the remaining $6,410,000 classified as noncurrent long-term debt. The bonds bear interest at a fixed rate of 6.0% per annum, with scheduled principal payments extending through 2053.

Accrued compensated absences for unused employee paid time off (PTO) increased by $41,678 to an ending balance of $176,314. No new long-term debt was issued during fiscal year 2026. Additional information regarding capital assets and long-term obligations is provided in Notes 4 and 5 to the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Management is aware of several ongoing financial factors and economic developments expected to influence the School's financial position and operating results during fiscal year 2027:

• Enrollment and State Funding: MPCS relies primarily on per-pupil revenue (PPR) provided through Colorado's school finance formula. The School's preliminary fiscal year 2027 budget estimate of approximately 541.0 FTE students is slightly below the fiscal year 2026 funded count of 545.22 FTE students. Management continues to monitor enrollment and October count data to assess potential adjustments to state funding.

Additionally, the Board of Directors has determined that the 2026–27 school year (FY 2027) will be the final year of operation for the School's homeschool program due to program state funding reductions beginning FY 2028. The program will close beginning with the 2027–28 school year (FY 2028).

This decision will impact future enrollment, state funding, and related operating expenditures beginning in FY 2028.

• Operating Cost Pressures: The School anticipates continued financial pressures associated with competitive employee compensation, health insurance benefits, statutory PERA employer contributions, contracted special education staffing, and campus operating expenses. Management will continue to monitor these costs through its annual budget review process.

• Capital Improvements and Grant Funding: The School expects additional expenditures and state reimbursement activity related to BEST Grant-funded security improvements during fiscal year 2027. Remaining project expenditures and related BEST grant reimbursements are expected to be recognized as eligible project costs are incurred and applicable grant requirements are met. The School also receives funding through Colorado's Charter School Facility Assistance (FA) Program to support facility-related expenditures. This funding is scheduled to decrease over time and eventually be phased out entirely. The reduction and eventual elimination of this funding will reduce resources available for facility-related expenditures and may require adjustments to future budgets and capital improvement planning.

BASIC FINANCIAL STATEMENTS

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF NET POSITION
As of June 30, 2026

	Governmental Activities	
	2026	2025
ASSETS		
Cash and Investments	$ 1,414,637	$ 1,148,039
Restricted Cash and Investments	1,228,697	1,381,636
Accounts Receivable	86,469	29,017
Capital Assets, Not Depreciated	1,005,514	855,296
Capital Assets, Depreciated, Net of Accumulated Depreciation	7,672,923	8,112,645
TOTAL ASSETS	11,408,240	11,526,633
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	66,797	69,271
Related to Pensions	1,227,870	2,016,391
Related to OPEB	24,310	25,342
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,318,977	2,111,004
LIABILITIES		
Accounts Payable	136,472	36,397
Accrued Liabilities	3,194	-
Accrued Interest	199,716	201,044
Unearned Revenues	43,737	3,697
Compensated Absences	176,314	134,636
Noncurrent Liabilities		
Due in One Year	85,000	-
Due in More Than One Year	6,410,000	6,495,000
Net Pension Liability	8,608,058	9,744,408
Net OPEB Liability	95,131	172,893
TOTAL LIABILITIES	15,757,622	16,788,075
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,352,695	690,528
Related to OPEB	109,377	106,929
TOTAL DEFERRED INFLOWS OF RESOURCES	1,462,072	797,457
NET POSITION		
Net Investment in Capital Assets	2,739,554	3,339,101
Restricted for Emergencies	265,833	257,393
Restricted for Debt Service	471,544	126,311
Restricted for Construction	491,321	305,311
Unrestricted	(8,460,729)	(7,976,011)
TOTAL NET POSITION	$ (4,492,477)	$ (3,947,895)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: Governmental Activities 2026	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: Governmental Activities 2025
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 4,507,312	$ 558,902	$ 730,696	$ -	$ (3,217,714)	$ (3,545,564)
Supporting Services	5,006,551	-	-	206,415	(4,800,136)	(4,280,579)
Interest On Long-Term Debt	400,760	-	-	-	(400,760)	(486,414)
Total Governmental Activities	$ 9,914,623	$ 558,902	$ 730,696	$ 206,415	(8,418,610)	(8,312,557)
GENERAL REVENUES						
Per Pupil Revenue					6,207,755	5,950,475
Mill Levy Override					1,175,912	1,148,889
Other					404,669	372,653
Unrestricted State Aid					85,692	92,297
TOTAL GENERAL REVENUES					7,874,028	7,564,314
CHANGE IN NET POSITION					(544,582)	(748,243)
NET POSITION, Beginning					(3,947,895)	(3,199,652)
NET POSITION, Ending					$ (4,492,477)	$ (3,947,895)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2026

	GENERAL FUND	
	2026	2025
ASSETS		
Cash and Investments	$ 1,414,637	$ 1,148,039
Restricted Cash and Investments	1,228,697	1,381,636
Accounts Receivable	86,469	29,017
TOTAL ASSETS	$ 2,729,803	$ 2,558,692
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 136,472	$ 36,397
Accrued Salaries	3,194	-
Unearned Revenue	43,737	3,697
TOTAL LIABILITIES	183,403	40,094
FUND BALANCES		
Restricted for Emergencies	265,833	257,393
Restricted for Debt Service	471,544	126,311
Restricted for Construction	491,321	305,311
Unassigned	1,317,702	1,829,583
TOTAL FUND BALANCES	2,546,400	2,518,598
TOTAL LIABILITIES AND FUND BALANCES		
Amounts reported for governmental 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 funds.	8,678,437	8,967,941
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of bonds payable.	(6,804,233)	(6,761,409)
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of net pension and OPEB liability of ($8,703,189), deferred outflows related to pensions and OPEB of $1,252,180, and deferred inflows related to pensions of ($1,462,072).	(8,913,081)	(8,673,025)
Net position of governmental activities	$ (4,492,477)	$ (3,947,895)

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2026

	GENERAL FUND	
	2026	2025
REVENUES		
Local Sources	$ 8,347,238	$ 8,157,438
State Sources	937,111	791,887
TOTAL REVENUES	9,284,349	8,949,325
EXPENDITURES		
Current		
Instruction	4,302,632	4,517,867
Supporting Services	4,295,890	3,829,416
Capital Outlay	255,937	334,492
Debt Service		
Principal	-	-
Interest	402,088	402,087
TOTAL EXPENDITURES	9,256,547	9,083,862
NET CHANGE IN FUND BALANCES	27,802	(134,537)
FUND BALANCES, Beginning	2,518,598	2,653,135
FUND BALANCES, Ending	$ 2,546,400	$ 2,518,598

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

MOUNTAIN PHOENIX COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2026

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Changes in Fund Balances - Total Governmental Funds	$	27,802
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is amount depreciation expense of ($547,441), exceeded capital outlay of $257,937.		(289,504)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. This is the loss on refunding of ($2,474) and change in accrued interest $1,328, and change in compensated absences of ($41,678).		(42,824)
Deferred charges related to pension and OPEB are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.		(240,056)
Change in Net Position of Governmental Activities	$	(544,582)

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

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Unearned Revenues –The unearned revenues include deposits for fees received but not yet available for expenditure until the following year.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

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

Net Position – The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In the General Fund, the School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The balance of the restricted cash in the General Fund is restricted for capital projects. The School has also classified the balance of the Building Corporation Fund as restricted for Debt Service and Construction Costs.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2026.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Compensated Absences

The School's policy allows employees to accumulate Paid Time Off (PTO) up to 144 hours. If employment is terminated before the employment agreement has been fulfilled, a payroll adjustment will be made for PTO compensation already provided on a prorated basis based on the days scheduled versus the days worked. The accrued PTO is recorded in the government-wide statements.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss and bills the School for its portion of coverage. Settled claims have not exceeded insured amount in the last three years.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

Budgets and Budgetary Accounting

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

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

NOTE 3: ***CASH AND INVESTMENTS***

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Cash Held by District	$ 1,680,470
Investments	962,864
Total Cash and Investments	**$ 2,643,334**

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

Cash and Investments	$ 1,414,637
Restricted Cash and Investments	1,228,697
Total	**$ 2,643,334**

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

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2026, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. At June 30, 2026, the School did not have any deposits subject to custodial credit risk.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2026 the School's balance in equity in both restricted and unrestricted pooled cash of the District totaled $1,680,470.

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the School is required to follow the investment policy of the District.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks

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

Investments (Continued)

- Commercial paper
- Local government investment pools
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Interest Rate and Credit Risk Policies

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

Fair Value

The District categorizes 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; Level 3 inputs are significant observable inputs

State statutes limit 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 ("NRSROs"). At June 30, 2026, the School had $962,864 invested in money market funds. The funds invest only in U.S. Treasury obligations and is rated AAAm by Standard and Poor's. These are valued using Level 1 inputs.

The School has no policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Cash in the amount of $265,833 is restricted in the General Fund as an emergency reserve related to the TABOR. Investments in the amount of $962,864 are restricted for debt service and construction.

NOTE 4: *CAPITAL ASSETS*

Capital Assets activity for the year ended June 30, 2026 is summarized below.

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Governmental Activities				
Capital Asset, Not Depreciated				
Land	$ 830,000	$ -	$ -	$ 830,000
Construction in Process	25,296	184,729	34,511	175,514
Total Capital Assets, Not Depr.	855,296	184,729	34,511	1,005,514
Capital Asset, Depreciated				
Buildings and Improvements	10,622,206	107,719	-	10,729,925
Equipment	13,301	-	-	13,301
Total Capital Assets, Depreciated	10,635,507	107,719	-	10,743,226
Accumulated Depreciation				
Buildings and Improvements	2,514,404	546,836	-	3,061,240
Equipment	8,458	605	-	9,063
Total Accumulated Depreciation	2,522,862	547,441	-	3,070,303
Capital Assets, Depreciated, Net	8,112,645	(439,722)	-	7,672,923
Total Capital Assets	**$ 8,967,941**	**$ (254,993)**	**$ 34,511**	**$ 8,678,437**

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

NOTE 5: *LONG-TERM DEBT*

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Payments	Balance June 30, 2026	Due In One Year
2023 Revenue Bonds	$ 6,495,000	$ -	$ -	$ 6,495,000	$ 85,000
Compensated Absences	134,636	41,678	-	176,314	-
TOTAL	**$ 6,629,636**	**$ 41,678**	**$ -**	**$ 6,671,314**	**$ 85,000**

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

2023 Revenue Bonds

In June 2024, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $6,495,000 in Charter School Revenue Bonds Series 2023. Proceeds from the bonds were loaned to the Corporation to refund the Charter School Revenue Bonds Series 2012. The School is obligated under a lease agreement to make monthly lease payments to the Corporation for the use of the educational facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at a rate of 6.0 % per annum. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually on October 1, through 2053.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2027	$ 85,000	$ 399,431	$ 484,431
2028	90,000	393,963	483,963
2029	95,000	388,181	483,181
2030	105,000	381,931	486,931
2031	110,000	375,213	485,213
2032-2036	660,000	1,761,063	2,421,063
2037-2041	875,000	1,527,374	2,402,374
2042-2046	1,180,000	1,220,256	2,400,256
2047-2051	1,590,000	793,438	2,383,438
2052-2053	1,705,000	193,594	1,898,594
Totals	**$ 6,495,000**	**$ 7,434,444**	**$ 13,929,444**

NOTE 6: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2025. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned.

If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

Contributions provisions as of June 30, 2026: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2025 through June 30, 2026.

Employer contribution requirements are summarized in the following table:

	July 1, 2025 Through June 30, 2026
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	**20.38%**

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School are statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from School were $908,691 for the year ended June 30, 2026.

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

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.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. For 2025, 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 DPS Division Trust Fund. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual Direct Distribution.

The net pension liability for the SCHDTF was measured as of December 31, 2025, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TPL to December 31, 2025. The School's proportion of the net pension liability was based on School's contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2026, the School reported a liability of $8,608,058 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

The School's proportionate share of the net pension liability	$8,608,058
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School.	739,829
Total	$9,347,887

At December 31, 2025, the School's proportion was 0.0052%, which was a decrease of 0.0045% from its proportion measured as of December 31, 2024.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2026, the School recognized pension expense of $1,308,721 and revenue of $85,692 for support from the State as a nonemployer contributing entity.

At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$518,073	N/A
Changes of assumptions or other inputs	42,257	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	$1,032,646
Changes in proportion and differences between contributions recognized and proportionate share of contributions	212,722	320,049
Contributions subsequent to the measurement date	454,818	N/A
Total	$1,227,870	$1,352,695

$454,818 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, 2026. 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	
2027	($33,155)
2028	($175,660)
2029	($195,736)
2030	($174,993)
2031	N/A
Thereafter	N/A

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The December 31, 2024, actuarial valuation used the following actuarial cost method and key 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:	4.00%-13.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

[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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Revised economic and demographic assumptions were adopted by the PERA Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, reflecting the prior increases as required by SB 18-200 and the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. Effective July 1, 2025, and prior to July 1, 2030, HB 25-1105 excludes the DPS Division from receiving a portion of the annual direct distribution. The annual direct distribution ceases when all Division Trust Funds are fully funded.

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

NOTE 6: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- The AIR balance was excluded from the initial FNP because, per statute, AIR amounts cannot be used to pay benefits until they are transferred out of the AIR to the appropriate accounts for retirement and survivor benefit payments. Estimated transfers from the AIR and the related benefit payments were 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 plan members and were not projected to reach a depletion date. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following table 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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	$11,496,417	$8,608,058	$5,304,253

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

General Information about the OPEB Plan (Continued)

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

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

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

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

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

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

General Information about the OPEB Plan (Continued)

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF. Effective July 1, 2026, HB 26-1400 also reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School; are statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $44,156 for the year ended June 30, 2026

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

At June 30, 2026, the School reported a liability of $95,131 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2025, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the TOL to December 31, 2025. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2025 relative to the total contributions of participating employers to the HCTF.

At December 31, 2025, the School's proportion was 0.03415%, which was an decrease of 0.00194% from its proportion measured as of December 31, 2024.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

For the year ended June 30, 2026, the School recognized OPEB income of $30,216. At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$38,492
Changes of assumptions or other inputs	$1,044	46,177
Net difference between projected and actual earnings on OPEB plan investments		15,194
Changes in proportion and differences between contributions recognized and proportionate share of contributions	948	9,514
Contributions subsequent to the measurement date	22,318	N/A
Total	$24,310	$109,377

$22,318 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2027	($30,480)
2028	($27,661)
2029	($20,279)
2030	($16,739)
2031	($8,431)
Thereafter	($3,795)

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

Actuarial assumptions. The December 31, 2024, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%			
Discount rate	7.25%			
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	8.00% in 2025, gradually decreasing to 4.50% in 2035			
Medicare Part A premiums	3.50% in 2025, gradually increasing to 4.50% in 2033			
DPS benefit structure:				
Service-based premium subsidy	0.00%			
PERACare Medicare plans	N/A			
Medicare Part A premiums	N/A			

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

Each year the per capita health care costs are developed by plan option. As of the December 31, 2024, actuarial valuation, costs are based on 2025 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. MAPD premium costs are not age graded, an allowed exception under Section 3.7.7 (c) of Actuarial Standard of Practice No. 6.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$4,188	$8,928
MAPD PPO #2	2,028	5,508
MAPD HMO (Kaiser)	2,040	7,596

The 2025 Medicare Part A premium is $518 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2025	8.00%	3.50%
2026	7.65%	3.75%
2027	7.30%	3.75%
2028	6.95%	4.00%
2029	6.60%	4.00%
2030	6.25%	4.25%
2031	5.90%	4.25%
2032	5.55%	4.25%
2033	5.20%	4.50%
2034	4.85%	4.50%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2024, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2024, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 scale. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	**Males**: 90% of the rates for all ages **Females**: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	**Males**: 106% of the rates for all ages **Females**: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

- Per capita health care costs in effect as of the December 31, 2024, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2025 plan year.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The actuarial assumptions used in the December 31, 2024, valuations were based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, through December 31, 2023. Revised economic and demographic assumptions were adopted by the Board on January 17, 2025.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

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	51.00 %	5.00%
Fixed Income	23.00 %	2.60%
Private Equity	10.00 %	7.60%
Real Estate	10.00 %	4.10%
Alternatives	6.00 %	5.20%
Total	**100.00 %**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%. For projections, geometric long-term returns are converted to arithmetic returns, which reflect the expected one-year annual performance.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table 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[1]	6.65%	7.65%	8.65%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$88,218	$95,131	$96,375

[1]For the January 1, 2026, plan year.

NOTE 7: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** Continued)

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

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2024, and the financial status of the HCTF as of the current measurement date (December 31, 2025). 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, 2025, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. The current employer contribution rate for the HCTF is 1.02% of salary. HB26-1400, effective July 1, 2026, reduces the PERA employer contribution rate allocated to the HCTF, by 0.50%, from 1.02% to 0.52% of member salaries for the State, School, Local Government, and Judicial Divisions.

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

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

NOTE 7: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* Continued)

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

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$126,726	$95,131	$62,132

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: *RISK OF LOSS*

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

NOTE 9: *COMMITMENTS AND CONTINGENCIES*

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2026, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2026, the reserve of $265,833 was recorded as a restriction of fund balance in the General Fund.

NOTE 10: ***FOUNDATION***

The Mountain Phoenix Community School Foundation was created as a separate legal entity responsible for fundraising and providing support to the school. Donations received from the Foundation are reported as donation revenue by the School. As of June 30, 2026, the Foundation had approximately $268,894 available in cash to support the School.

NOTE 11: ***DEFICIT NET POSITION***

The Net Position of the government type activities is in a deficit position of $4,492,477 due to the School including the Net Pension Liability per GASB No. 68.

NOTE 12: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through October 30, 2026, the date the financial statements were released. It was determined the no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN PHOENIX COMMUNITY SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026

	2026					
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Original Budget Positive (Negative) with Final Budget	VARIANCE Final Budget Positive (Negative) with Actual Amounts	2025 ACTUAL
REVENUES						
Local Sources						
Per Pupil Revenue	$ 6,151,688	$ 6,207,755	$ 6,207,755	$ 56,067	$ -	$ 5,950,475
Mill Levy Override	1,208,752	1,174,878	1,175,912	(33,874)	1,034	1,148,889
Charges for Services	603,382	603,381	558,902	(1)	(44,479)	685,421
Donations	168,400	209,800	214,624	41,400	4,824	235,023
Other	50,000	127,907	190,045	77,907	62,138	137,630
State and Federal Sources						
Grants and Donations	731,536	1,000,979	937,111	269,443	(63,868)	712,007
TOTAL REVENUES	8,913,758	9,324,700	9,284,349	410,942	(40,351)	8,869,445
EXPENDITURES						
Salaries	4,690,179	4,700,664	4,706,068	(10,485)	(5,404)	4,808,033
Employee Benefits	1,360,152	1,363,193	1,442,622	(3,041)	(79,429)	1,371,090
Purchased Services	3,517,776	1,837,599	1,981,091	1,680,177	(143,492)	1,674,807
Supplies and Materials	445,091	400,050	468,741	45,041	(68,691)	413,473
Property	678,406	1,375,155	255,937	(696,749)	1,119,218	334,492
Debt Service						
Principal	85,000	85,000	-	-	85,000	-
Interest	331,088	402,088	402,088	(71,000)	-	402,087
TOTAL EXPENDITURES	11,107,692	10,163,749	9,256,547	943,943	907,202	9,003,982
NET CHANGE IN FUND BALANC	(2,193,934)	(839,049)	27,802	1,354,885	866,851	(134,537)
FUND BALANCE, Beginning	2,518,598	2,518,598	2,518,598	-	-	2,653,135
FUND BALANCE, Ending	$ 324,664	$ 1,679,549	$ 2,546,400	$ 1,354,885	$ 866,851	$ 2,518,598

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
for the Year Ended June 30, 2026

NOTE A - Actual Budget Results

Changes - Original to Final Budget

Revenues

Per Pupil Revenue (PPR): The original budget was based on forecast enrollment of 539 FTE and the estimated PPR amount available prior to the passage of the State budget. Actual enrollment was 545.22 FTE, and the budget was subsequently updated to reflect the final PPR allocation, resulting in an increase in budgeted PPR revenue of $56,067.

Grants and Donations: The final budget was adjusted to reflect updated estimates for State Revenue . Other (Capital Construction), Universal Preschool, Exceptional Children Revenue (ECEA), and Federal/State Food Service reimbursements. The changes reflect updated funding and reimbursement estimates received after the original budget was prepared.

Other Revenue: The final budget increased by $77,907 to reflect the Facilities Grant identified during the fiscal year that was not included in the original budget.

Donations: The final budget increased by $41,400 to reflect additional donations anticipated during the fiscal year.

Expenses

Property: The final budget was increased by $696,749 primarily to reflect planned expenditures associated with security-related projects funded through the BEST Grant.

Debt Service – Interest: The final budget increased by $71,000 to reflect updated debt service (Bond Principal payment) requirements for the fiscal year.

Supplies and Materials: The final budget decreased by $45,041 based on revised expenditure projections.

Changes - Final Budget to Actual

Revenues

Grants and Donations: Actual revenue was $63,868 below the final budget, primarily due to differences between budgeted and actual amounts received for State Revenue – Other (Capital Construction), Universal Preschool, Exceptional Children Revenue (ECEA), and Federal/State Food Service reimbursements.

See the accompanying independent auditors' report.

Charges for Services: Actual revenue was $44,479 below the final budget, primarily due to lower-than-anticipated activity and related collections during the fiscal year.

Other Revenue: Actual revenue was $62,138 above the final budget, primarily due to insurance proceeds received during the fiscal year related to a flood claim affecting two Early Childhood classrooms. The amount received exceeded the amount anticipated in the final budget.

Mill Levy Override: Actual revenue was $1,034 above the final budget, reflecting a minor difference between the final budget estimate and the actual amount received.

Donations: Actual donations were $4,824 above the final budget due to additional donations received during the fiscal year.

Expenses

Purchased Services: Actual purchased services expenditures were $143,492 above the final budget. The variance was primarily attributable to unexpected expenses related to a building flood event and building repairs.

Employee Benefits: Actual expenditures were $79,429 above the final budget due primarily to higher-than anticipated benefit costs and staffing-related changes during the fiscal year.

Supplies and Materials: Actual expenditures were $68,691 above the final budget, primarily due to actual purchases during the fiscal year exceeding the revised expenditure projections used in establishing the final budget.

Property: Actual expenditures were $1,119,218 below the final budget, primarily due to delays in BEST Grant-funded security projects and the related timing of project expenditures. Due to delays in receiving materials, certain project expenditures were deferred to fiscal year 2026–27.

Principal: No principal expenditure was incurred during the fiscal year compared with the $85,000 included in the final budget.

Salaries: Actual expenditures were $5,404 above the final budget, representing a minor variance primarily related to staffing changes during the fiscal year.

Debt Service – Principal: The final budget included $85,000 for bond principal repayment; however, no principal payment was due or made during fiscal year 2026. The first scheduled principal payment of $85,000 is due in fiscal year 2027, resulting in an $85,000 favorable budget variance.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
School's proportionate share of the Net Pension Liability	0.047%	0.051%	0.051%	0.051%	0.058%	0.052%	0.046%	0.058%	0.057%	0.052%
School's Net Pension Liability	$ 14,113,711	$ 17,952,509	$ 8,580,061	$ 7,639,822	$ 8,812,058	$ 6,003,897	$ 8,329,264	$ 10,273,536	$ 9,744,408	$ 8,608,058
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	$ -	$ -	$ -	$ 969,014	$ -	$ 618,401	$ 661,618	$ 241,374	$ 803,074	$ 739,829
Total portion of the Net Pension Liability associated with the School	$ 14,113,711	$ 17,952,509	$ 8,580,061	$ 8,608,836	$ 8,812,058	$ 6,622,298	$ 8,990,882	$ 10,514,910	$ 10,547,482	$ 9,347,887
School's covered payroll	$ 2,404,416	$ 2,497,937	$ 2,533,011	$ 3,167,544	$ 3,001,256	$ 3,138,345	$ 3,584,991	$ 3,961,656	$ 4,261,635	$ 4,380,178
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	587.0%	718.7%	338.7%	241.2%	293.6%	191.3%	232.3%	259.3%	228.7%	196.5%
Plan fiduciary net position as a percentage of the total pension liability	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%	61.8%	64.7%	67.2%	71.71.%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Statutorily required contributions	$ 506,620	$ 514,468	$ 513,101	$ 650,800	$ 631,066	$ 684,433	$ 796,864	$ 857,096	$ 914,680	$ 908,691
Contributions in relation to the Statutorily required contributions	506,620	514,468	513,101	650,800	631,066	684,433	796,864	857,096	914,680	908,691
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,539,019	$ 2,473,642	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580	$ 3,793,024	$ 4,103,505	$ 4,392,026	$ 4,328,997
Contributions as a percentage of covered payroll	19.95%	20.80%	19.80%	20.55%	21.03%	20.23%	21.01%	20.89%	20.83%	20.99%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
School's proportionate share of the Net OPEB Liability	0.040%	0.051%	0.509%	0.033%	0.034%	0.031%	0.035%	0.035%	0.036%	0.034%
School's proportionate share of the Net OPEB Liability	$ 316,397	$ 409,959	$ 428,523	$ 375,648	$ 320,372	$ 290,472	$ 283,837	$ 248,065	$ 172,893	$ 95,131
School's covered employee payroll	$ 2,497,937	$ 2,404,416	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580	$ 3,793,024	$ 4,103,505	$ 4,392,026	$ 4,328,997
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	12.67%	17.05%	16.54%	11.86%	10.67%	8.59%	7.48%	6.05%	3.94%	2.20%
Plan fiduciary net position as a percentage of the total pension liability	16.72%	17.53%	17.03%	24.40%	32.79%	39.40%	38.57%	46.16%	59.83%	76.07%

See the accompanying independent auditors' report.

MOUNTAIN PHOENIX COMMUNITY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Statutorily required contributions	$ 23,275	$ 25,231	$ 26,428	$ 32,309	$ 30,612	$ 34,502	$ 38,689	$ 41,856	$ 44,799	$ 44,156
Contributions in relation to the Statutorily required contributions	23,275	25,231	26,428	32,309	30,612	34,502	38,689	41,856	44,799	44,156
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,281,904	$ 2,473,642	$ 2,590,948	$ 3,167,544	$ 3,001,256	$ 3,382,580	$ 3,793,024	$ 4,103,505	$ 4,392,026	$ 4,328,997
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.