

HIGHLINE ACADEMY NETWORK

BASIC FINANCIAL STATEMENTS

June 30, 2021

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FINANCIAL SECTION

Board of Directors
Highline Academy Network
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highline Academy Network, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Highline Academy Network, as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the Network's proportionate share, and the schedules of the Network's contributions on pages 49-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Network's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.

PB Solutions LLC

October 8, 2021

Highline Academy Network Management Discussion and Analysis

As management of Highline Academy Network (“HA-Network” or the “Network”), we offer readers of Highline Academy Network’s financial statements our narrative overview and analysis of the financial activities of the Network for the fiscal year ended June 30, 2021.

Financial Highlights

The year ended June 30, 2021, is the fifth year of operations for the schools operating as a Network. The Southeast Campus completed its seventeenth year, and the Northeast Campus completed its seventh year since opening. As of June 30, 2021, net position increased by \$543,694 to \$(974,788). This negative balance is the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the Network are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue from the Network’s two schools: the Northeast Campus and the Southeast Campus. Such revenue for the year was \$8,393,483. At the close of the fiscal year, Highline Academy Network’s governmental fund reported an ending fund balance of \$4,929,361, an increase of \$845,355 from prior year.

Overview of Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Network’s finances, in a manner similar to a private-sector business. The statement of net position presents information on all the Network’s assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Network is improving or deteriorating.

The statement of activities presents information showing how the Network’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Network supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer

(Denver Public Networks). The governmental activities of the Network include instructional and supporting services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Network, like other governmental units or Networks, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds.

The Network has three governmental funds consisting of the activity from the Northeast Campus, the Southeast Campus, and the Highline Academy Southeast Building Corporation (the Corporation). Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Network's near-term financing requirements.

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

The Network adopts annually appropriated budgets for the General Fund. A budgetary comparison schedule for the General Fund, as well as the individual activity of the Northeast Campus, the Southeast Campus, and the Corporation have been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 7-48.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Network's financial position. In the case of Highline Academy Network, liabilities and deferred inflows exceeded assets and deferred outflows resulting in a net position of \$(974,788) in FY 2020-2021. Again, this is directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the Network's total net position, \$381,489 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the Network's general operating expenses.

Highline Academy Network's Net Position

Governmental Activities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS		
Cash and Investments	\$ 4,348,743	\$ 3,861,977
Restricted Cash and Investments	42,245	43,803
Accounts Receivable	575,651	243,853
Inventory	19,248	28,197
Prepaid Expenses	40,745	25,807
Capital Assets, Not Depreciated	2,300,000	2,300,000
Capital Assets, Net of Accum Depreciation	3,496,752	3,617,672
Total Assets	10,823,384	10,121,309
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	3,860,356	1,878,496
Related to OPEB	136,509	134,365
Loss on Refunding	708,236	796,766
Total Deferred Outflows of Resources	4,705,101	2,809,627
LIABILITIES		
Accounts Payable	40,816	28,945
Unearned Revenue	51,645	86,516
Accrued Expenses	4,810	4,170
Noncurrent Liabilities		
Due in One Year	213,825	174,217
Due in More than One Year	7,510,004	7,723,829
Net Pension Liability	3,889,480	3,733,953
Net OPEB Liability	197,907	301,280
Total Liabilities	11,908,487	12,052,910
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	4,471,263	2,332,501
Related to OPEB	123,523	64,007
Total Deferred Inflows of Resources	4,594,786	2,396,508
NET POSITION		
Net Investment in Capital Assets	(1,884,832)	(1,936,571)
Restricted for Emergencies	381,489	377,760
Unrestricted	528,555	40,329
Total Net Position	\$ (974,788)	\$ (1,518,482)

The largest portion of the Network's assets is in capital assets, at 54% of total assets in 2021.

Highline Academy Network's Change in Net Position Governmental Activities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Program Revenue:		
Charges for Services	\$ 83,052	\$ 86,641
Operating Grants and Contributions	1,994,060	1,588,640
Capital Grants and Contributions	235,393	218,967
Total Program Revenue	<u>2,312,505</u>	<u>1,894,248</u>
General Revenue:		
Per Pupil Revenue	8,393,483	8,815,181
Mill Levy Override	2,172,667	1,747,835
Interest	2,517	18,625
Other Income	1,643,146	1,261,366
Total General Revenue	<u>12,211,813</u>	<u>11,843,007</u>
Total Revenue	<u>14,524,318</u>	<u>13,737,255</u>
Expenses:		
Instructional	8,466,375	7,610,974
Supporting Services	5,068,688	4,558,025
Interest on Long-Term Debt	445,561	488,028
Total Expenses	<u>13,980,624</u>	<u>12,657,027</u>
Increase/(Decrease) in Net Position	543,694	1,080,228
Net Position, Beginning	<u>(1,518,482)</u>	<u>(2,598,710)</u>
Net Position, Ending	<u>\$ (974,788)</u>	<u>\$ (1,518,482)</u>

The largest portion of the Network's revenues came from Per Pupil Revenue – 58%, respectively in 2021.

Financial Analysis of the Government's Funds

As noted earlier, the Network uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the Network's General Fund reported an ending fund balance of \$4,929,361, an increase of \$845,355 from prior year. The Northeast Campus reported an ending fund balance of \$1,935,644, an increase of \$738,708 from prior year. The Southeast Campus reported an ending fund balance of \$2,951,472, an increase of \$108,205 from prior year. And the Highline Academy Southeast Building Corporation, established to help in financing the Southeast Academy educational facilities, reported an ending fund balance of \$42,245, a decrease of \$1,558 from prior year.

General Fund Budgetary Highlights

The Network approves a General Fund budget in May based on enrollment projections for the Network year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the Network had some variances between its final budgeted and actual activities. Overall, the Network recognized \$7,292 less revenue than expected and spent \$269,394 less than planned, when compared to the final budget. One budget amendment was made during FY 2020-2021. Additional information regarding budget versus actual activity may be found on pages 49 and 56-58 of the financial statements.

Capital Assets & Long-Term Debt

The Network has invested in capital assets in the form of an educational facility, building improvements, leasehold improvements, furniture, and equipment. Depreciation expenses for capital assets are booked under Supporting Services of the Network's operations. Additional information related to capital assets may be found in Note 4 to the financial statements.

The Network has 2018 Charter School Refunding Revenue Bonds, issued through the Colorado Educational and Facilities Authority (CECFA). The proceeds of the Series 2018 Bonds were used to refinance 2011 Charter School Revenue Bonds, which were issued for the purchase and improvement of the Network's Southeast Campus. Additional information related to long-term debt may be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for Highline Academy Network are student enrollment and Per Pupil Revenue. Enrollment for the 2020-2021 school year was 1,035.00 funded students (514.00 funded pupils at the Northeast Campus and 521.00 funded pupils at the Southeast Campus). This information was analyzed as part of the 2021-2022 budget which is projecting a 1,016.00 funded student count (488.00 funded pupils at the Northeast Campus and 528.00 funded pupils at the Southeast Campus). Per Pupil Revenue is expected to increase significantly in 2021-2022, after a significant decline in 2020-2021 related to the COVID-19 pandemic.

Requests for Information

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

Highline Academy – Northeast
19451 East Maxwell Place
Denver, CO 80249

Highline Academy – Southeast
2170 South Dahlia St.
Denver, CO 8022

BASIC FINANCIAL STATEMENTS

HIGHLINE ACADEMY NETWORK

STATEMENT OF NET POSITION

As of June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 4,348,743
Restricted Cash and Investments	42,245
Accounts Receivable	575,651
Inventory	19,248
Prepaid Expenses	40,745
Capital Assets, Not Depreciated	2,300,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>3,496,752</u>
TOTAL ASSETS	<u>10,823,384</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges	708,236
Related to Pensions	3,860,356
Related to OPEB	<u>136,509</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,705,101</u>
LIABILITIES	
Accounts Payable	40,816
Accrued Salaries and Benefits	4,810
Unearned Revenues	51,645
Noncurrent Liabilities	
Due in One Year	213,825
Due in More than One Year	7,510,004
Net Pension Liability	3,889,480
Net OPEB Liability	<u>197,907</u>
TOTAL LIABILITIES	<u>11,908,487</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	4,471,263
Related to OPEB	<u>123,523</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,594,786</u>
NET POSITION	
Net Investment in Capital Assets	(1,884,832)
Restricted for Emergencies	381,489
Unrestricted	<u>528,555</u>
TOTAL NET POSITION	<u><u>\$ (974,788)</u></u>

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

HIGHLINE ACADEMY NETWORK

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	\$ 8,466,375	\$ -	\$ 1,864,805	\$ -	\$ (6,601,570)
Supporting Services	5,068,688	83,052	129,255	235,393	(4,620,988)
Interest and Other Fiscal Charges	445,561	-	-	-	(445,561)
Total Governmental Activities	<u>\$ 13,980,624</u>	<u>\$ 83,052</u>	<u>\$ 1,994,060</u>	<u>\$ 235,393</u>	(11,668,119)
GENERAL REVENUES					
Per Pupil Revenue					8,393,483
Mill Levy Override					2,172,667
Interest					2,517
Other					1,643,146
TOTAL GENERAL REVENUES					<u>12,211,813</u>
CHANGE IN NET POSITION					543,694
NET POSITION, Beginning, Restated					<u>(1,518,482)</u>
NET POSITION, Ending					<u>\$ (974,788)</u>

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

HIGHLINE ACADEMY NETWORK

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021

	GENERAL FUND
ASSETS	
Cash and Investments	\$ 4,348,743
Restricted Cash and Investments	42,245
Accounts Receivable	575,651
Inventory	19,248
Prepaid Expenses	40,745
TOTAL ASSETS	<u>\$ 5,026,632</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 40,816
Accrued Salaries	4,810
Unearned Revenue	51,645
TOTAL LIABILITIES	<u>97,271</u>
FUND BALANCES	
Nonspendable	59,993
Restricted for Emergencies	381,489
Restricted for Debt Service	42,245
Restricted for Capital Outlay	45,002
Assigned for Capital Campaign	50,000
Unassigned	4,350,632
TOTAL FUND BALANCES	<u>4,929,361</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,026,632</u>

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

HIGHLINE ACADEMY NETWORK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION Year Ended June 30, 2021

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

Total fund balances of governmental funds	\$ 4,929,361
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, not depreciated	2,300,000	
Capital Assets, depreciated	5,302,945	
Accumulated Depreciation	<u>(1,806,193)</u>	5,796,752

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(7,723,829)	
Deferred Charges	708,236	
Net Pension Liability	(3,889,480)	
Net OPEB Liability	<u>(197,907)</u>	(11,102,980)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - Change in Proportionate Share	2,184,210	
Deferred outflows of resources - Subsequent Contributions	286,428	
Deferred outflows of resources - Expected vs Actual Experience	575,546	
Deferred outflows of resources - Change in Assumptions	814,172	
Deferred inflows of resources - Expected vs Actual Experience	-	
Deferred inflows of resources - Projected vs Actual Investments Earnings	(3,869,683)	
Deferred inflows of resources - Change in Assumptions	-	
Deferred inflows of resources - Change in Proportionate Share	<u>(601,580)</u>	(610,907)
Deferred outflows of resources - Change in Proportionate Share OPEB	98,988	
Deferred outflows of resources - Subsequent Contributions OPEB	37,504	
Deferred outflows of resources - Change in Assumptions OPEB	17	
Deferred inflows of resources - Projected vs Actual Investment Earnings OPEB	(34,097)	
Deferred inflows of resources - Change in Assumptions OPEB	(13,149)	
Deferred inflows of resources - Expected vs Actual Experience OPEB	<u>(76,277)</u>	12,986

Net position of governmental activities		<u>\$ (974,788)</u>
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The accompanying notes are an integral part of the financial statements.

HIGHLINE ACADEMY NETWORK

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	GENERAL FUND
REVENUES	
Local Sources	\$ 12,424,120
State Sources	819,171
Federal Sources	<u>1,281,027</u>
TOTAL REVENUES	<u>14,524,318</u>
EXPENDITURES	
Current	
Instruction	8,250,786
Supporting Services	4,896,929
Debt Service	
Principal	174,217
Interest	<u>357,031</u>
TOTAL EXPENDITURES	<u>13,678,963</u>
NET CHANGE IN FUND BALANCES	845,355
FUND BALANCES, Beginning	<u>4,084,006</u>
FUND BALANCES, Ending	<u>\$ 4,929,361</u>

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

HIGHLINE ACADEMY NETWORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$ 845,355
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay	90,700	
Depreciation	<u>(211,620)</u>	(120,920)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.		
Bond Principal Payments	174,217	
Amortization of Deferred Loss	<u>(88,530)</u>	85,687
Deferred Charges related to pensions and OPEB are not recognized in the governmental fund. However, for the government-wide funds those amounts are capitalized and amortized.		
Deferred charges related to Pension Plan	(312,429)	
Deferred charges related to OPEB	<u>46,001</u>	<u>(266,428)</u>
Change in net position of governmental activities		<u>\$ 543,694</u>

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highline Academy Network (the “Network” or “The School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Denver Public Schools District of the State of Colorado. The Network operates two school campus sites, Highline Academy Northeast Campus and Highline Academy Southeast Campus. The Network is governed by an eight-member Board of Directors.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principals. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Network and organizations for which the Network is financially accountable. It is also financially accountable for legally separate organizations if the Network’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to or imposes financial burdens on the Network. The Network may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Network includes the following organizations within its reporting entity:

Highline Academy Southeast Building Corporation

The Highline Academy Southeast Building Corporation (the “Corporation”) was formed to support and assist the Network to perform its function and to carry out its purpose, specifically to assist in the financing of the Network’s facilities. The Corporation is blended into the Network’s financial statements as a special revenue fund. Separate financial statements are not available for the Corporation.

The Network is a component unit of the Denver Public Schools District.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the Network. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the Network. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Network is reported as net position.

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Network considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Network.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

In the fund financial statements, the Network reports the following major governmental funds:

The *General Fund* is the Network's primary operating fund. It accounts for all financial resources of the Network, except those required to be accounted for in another fund.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Network considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory – Inventory consists of consumable supplies. Inventory purchases are recorded as expenditures at the time of the items are purchases and adjusted to inventory at year-end based on a physical count.

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Network as assets with an initial, individual cost of more than \$5,000 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings and Improvements	30 years
Leasehold Improvements	10 years
Equipment	5-10 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from July to June but are earned during a Network year of approximately nine to ten months. Therefore, no accrual for earned but unpaid salaries was recorded at year end.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows 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 outflow 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.

Deferred Inflows of Resources - 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 inflow 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.

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. 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.

Compensated Absences – The Network’s policy allows employees to earn personal leave of absence during the year. Employees are allowed to carry over a maximum of three unused personal leave days to the next fiscal year. Any remaining unused days are paid out at the substitute teacher rate in June each year. Therefore, no liability is recorded in the Network’s government-wide statement of net position.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 are 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 are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Network management may have categorized and segmented portion for various purposes, the Network Board has the unrestricted right to revisit or alter these managerial decisions.

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 Network 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:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Network considers prepaid expenses and inventories as nonspendable.
- 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. The Network has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Network has also classified funds for held for debt service and capital outlay as being restricted because their use is restricted by contributors and debt covenants.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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 Network did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Network reports funds held for future capital expenditures as assigned fund balances as of June 30, 2021.
- 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.

The Network 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.

Risk Management

The Network 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 Network purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

Income Taxes

The Network is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The Foundation's tax filings are subject to audit by various taxing authorities. The Network believes it has no significant uncertain tax provisions for the year ended June 30, 2021.

Subsequent Events

The Network has evaluated events subsequent to the year ended June 30, 2021 through October 8, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS

At June 30, 2021, cash and investments consist of the following:

Deposits	\$ 3,284,980
Investments	<u>1,106,008</u>
Total	<u>\$ 4,390,988</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$ 4,348,743
Cash and Investments - Restricted	<u>42,245</u>
Total	<u>\$ 4,390,988</u>

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, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the Network 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. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

At June 30, 2021, the Network had deposits with financial institutions with a carrying amount of \$3,284,980. The bank balances with the financial institutions were \$3,302,167. Of these balances, \$250,000 was covered by federal depository insurance and \$3,052,167 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The Network 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.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written 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 units of government.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools

The Network had invested \$1,063,763 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The Network 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.

At June 30, 2021, the Network had \$42,245 invested in money market funds. The funds invest only in U.S. Treasury obligations and is rated AAAM by Standard and Poor's. The investments are valued at Level 1 inputs.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash

At June 30, 2021, cash in the amount of \$42,245 is restricted in the Building Corporation for debt service payments.

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2021, is summarized below:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
Capital Assets, Not				
Depreciated				
Land	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000
Capital Asset, Being				
Depreciated				
Buildings and Improvements	4,748,857	-	-	4,748,857
Leasehold Improvements	400,623	77,868	-	478,491
Equipment	62,765	-	-	62,765
Furniture	-	12,832	-	12,832
Total Capital Assets, Being Depreciated	5,212,245	90,700	-	5,302,945
Accumulated Depreciation				
Buildings and Improvements	1,424,790	158,361	-	1,583,151
Leasehold Improvements	149,227	44,280	-	193,507
Equipment	20,556	7,268	-	27,824
Furniture	-	1,711	-	1,711
Total Depreciation	1,594,573	211,620	-	1,806,193
Total Capital Assets, Being Depreciated, Net	3,617,672	(120,920)	-	3,496,752
Net Capital Assets	\$ 5,917,672	\$ (120,920)	\$ -	\$ 5,796,752

Depreciation has been charged to the Supporting Services program of the Network.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 5: LONG-TERM DEBT

The following is a summary of the Network's long-term debt transactions for the year ended June 30, 2021:

	Balance 6/30/2020	Additions	Payments	Balance 6/30/2021	Due In One Year
Series 2018 Refunding					
Revenue Bonds	\$ 7,898,046	\$ -	\$ 174,217	\$ 7,723,829	\$213,825
Net Pension Liability	3,733,953	155,527	-	3,889,480	-
Net OPEB Liability	301,280	-	103,373	197,907	-
Total	\$ 11,933,279	\$ 155,527	\$ 277,590	\$ 11,811,216	\$213,825

Series 2018 Charter School Refunding Revenue Bonds

In October 2018, the Public Finance Authority issued \$7,983,000 Charter School Refunding Revenue Bonds, Series 2018. Proceeds from the bonds were used to refinance the Series 2011A bonds, which were used to purchase the Network's buildings and to provide funding for improvements. Interest accrues at rates ranging from 4.016% to 5.02% per year. Monthly principal and interest payment are due ranging in the amounts from \$33,396 to \$44,748. A balloon payment in the amount of \$5,923,676 is due on October 1, 2028.

The Network is obligated to make monthly lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal loan payments to the Trustee for payment of the bonds.

The bonds have been secured by a pledge of certain rights to real estate property located in Denver Colorado ("pledged property") and a pledge of the Network's funds and revenues.

In the event of default, the bond trustee may declare the principal amount of all bonds then outstanding and the interest accrued thereon to be immediately due and payable. The trustee may also begin foreclosure proceedings against all or a portion of the pledged property.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

Defeased Debt

In prior years the Network defeased Series 2011A bonds by placing funds proceeds from the 2018 bond issue in an irrevocable trust to provide for all future debt service payments on the old obligation. Accordingly, the trust account assets and liabilities for the defeased obligation are not included in the Network's financial statements. Bonds legally defeased bonds were paid in full In December 2020.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 213,825	\$ 306,358	\$ 520,183
2023	228,021	297,441	525,462
2024	237,358	288,113	525,471
2025	247,062	278,404	525,466
2026	257,172	268,297	525,469
2027-2029	<u>6,540,391</u>	<u>584,373</u>	<u>7,124,764</u>
Total	<u>\$ 7,723,829</u>	<u>\$ 2,022,986</u>	<u>\$ 9,746,815</u>

NOTE 6: **INTERFUND BALANCES AND TRANSFERS**

During the course of operations, the Network has activity between the funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds are included in the governmental activities (i.e. the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

At June 30, 2021, the Northeast Campus owed \$1,392 to the Southeast Campus for payments made by the Southeast Campus on the Northeast Campus' behalf.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single 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 DPS Division have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the DPS Division—a single-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 comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. 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.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: 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 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the DPS Division. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.90%	10.90%
Amount of employer contribution apportioned to the DPS HCTF as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
PCOP offset as specified in C.R.S. § 24-51-412	(12.75%) ¹	(12.09%)
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the DPS	7.13%	7.79%

¹ To conform with this presentation of contribution rates, the 2020 annual PCOP offset of 12.50 percent has been adjusted based on the portion of the PCOP offset used to satisfy employer contribution requirements.
**Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42)

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year. Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the School were \$530,932 for the year ended June 30, 2021.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division and is considered to meet the definition of a special funding situation.

At June 30, 2021, the School reported a liability of \$3,889,480 for its proportionate share of the net pension liability. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$3,889,480
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	-0-
Total	\$3,889,480

At December 31, 2020, the School's proportion was 0.8645 percent, which was an increase of 0.2978% from its proportion measured as of December 31, 2019.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: 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, 2021, the School recognized pension expense of \$312,429 and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$575,546	N/A
Changes of assumptions or other inputs	\$814,172	N/A
Net difference between projected and actual earnings on pension plan	N/A	\$3,869,683
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$2,184,210	\$601,580
Contributions subsequent to the measurement date	\$286,428	N/A
Total	\$3,860,356	\$4,471,263

\$286,428 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$235,746)
2023	\$311,249
2024	(\$365,280)
2025	(\$607,558)

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: 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 total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.70%
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)	1.25%
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.

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.80%-11.50%
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)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹Post-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.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

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

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division Trust Fund are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$8,728,969	\$3,889,480	(\$104,154)

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The School participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single 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 DPS HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

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

Benefits provided. The DPS 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 Health Care Trust Fund (HCTF) and the 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.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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

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

PERA Benefit Structure

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02 percent of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the School were \$72,126 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$197,907 for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

The School's proportion of the net OPEB liability was based on the School's contributions to the DPS HCTF for the calendar year 2020 relative to the total contributions of participating employers to the DPS HCTF.

At December 31, 2020, the School's proportion was 0.864 percent, which was an increase of 0.05% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized OPEB expense of (\$46,001). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$76,277
Changes of assumptions or other inputs	17	13,149
Net difference between projected and actual earnings on OPEB plan	N/A	34,097
Changes in proportion and differences between contributions recognized and proportionate share of contributions	98,988	N/A
Contributions subsequent to the measurement date	37,504	N/A
Total	\$136,509	\$123,523

\$37,504 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 June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Year ended June 30:	
2022	(\$5,647)
2023	(\$2,259)
2024	(\$6,780)
2025	(\$4,565)
2026	(\$1,047)
Thereafter	(\$4,220)

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT 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 total OPEB liability are summarized in the table below:

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

Mortality assumptions for the determination of the total pension liability used in the December 31, 2019, valuation for the DPS Division as shown below are applied, as applicable, in the determination of the total OPEB liability for the DPS HCTF. Affiliated employers of the DPS Division participate in the DPS HCTF.

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

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.80%-11.50%

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

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

Mortality assumptions used in the roll forward calculation for the determination of the total pension liability of the DPS Division as shown below were applied, as applicable, in the roll forward calculation for the DPS HCTF.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

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

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend	7.10%	8.10%	9.10%
Ultimate PERACare Medicare	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend	3.50%	4.50%	5.50%
Net OPEB Liability	\$197,899	\$197,907	\$197,925

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the DPS HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$257,119	\$197,907	\$151,517

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

NOTE 9: TAXABLE PENSION CERTIFICATES OF PARTICIPATION (PCOPs)

The Denver Public Schools District (the "District") issued Taxable Pension Certificates of Participation (PCOPs) on July 17, 1997 to fully fund the unfunded actuarial accrued liability (UAAL) of the Plan. The Network contributed 8.67%, 9.21%, and 9.54% of covered payroll for the fiscal years ending June 30, 2021, 2020, and 2019, respectively, to the District to cover its obligation relating to the PCOPs.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 9: **TAXABLE PENSION CERTIFICATES OF PARTICIPATION (PCOPs)** (Continued)

For the year ended June 30, 2021, the Network contributed \$613,074 to the District for its PCOPs obligation.

NOTE 10: **COMMITMENTS AND CONTINGENCIES**

Claims and Judgments

The Network 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 Network may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited but the Network believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Network.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The Network believes it has complied with the Amendment.

The Network has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$381,489 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

HIGHLINE ACADEMY NETWORK
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE 10: **COMMITMENTS AND CONTINGENCIES** (Continued)

Facilities Use Agreement

The Network entered into a Facilities Use Agreement (the “Agreement”) with the District for the Northeast Campus building. The Facilities Use Fee is calculated annually based on the number of students enrolled at the Northeast Campus at a rate of \$770 per student. The Facilities Use Fee covers ground maintenance, basic building maintenance, custodial staff and supplies, safety and security and facility insurance. The Network paid \$409,592 to the District during the fiscal year under the terms of the agreement.

NOTE 11: **DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$974,788 due to the Network including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

NOTE 12: **SUBSEQUENT EVENT**

As a result of the coronavirus pandemic, economic uncertainties may continue to have a significant impact on the financial position, results of operations, and cashflows of the Academy. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

HIGHLINE ACADEMY NETWORK

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 8,173,327	\$ 8,392,900	\$ 8,393,483	\$ 583	\$ 8,815,181
Mill Levy Override	1,721,715	2,161,302	2,172,667	11,365	1,747,835
Tuition and Fees	124,824	95,130	83,052	(12,078)	86,641
Contributions	66,000	125,000	129,255	4,255	640,560
Interest	24,500	3,900	2,517	(1,383)	18,625
Other	1,699,935	1,616,951	1,643,146	26,195	1,261,366
State Sources					
Capital Construction	182,760	235,393	235,393	-	218,967
Grants and Donations	423,258	582,508	583,778	1,270	346,891
Federal Sources					
Grants and Donations	278,505	1,318,526	1,281,027	(37,499)	471,267
TOTAL REVENUES	12,694,824	14,531,610	14,524,318	(7,292)	13,607,333
EXPENDITURES					
Instruction					
Salaries	5,634,808	6,035,432	6,041,362	(5,930)	5,749,513
Employee Benefits	1,327,432	1,274,139	1,233,352	40,787	1,174,278
Purchased Services	486,455	377,745	400,114	(22,369)	331,399
Supplies and Materials	211,200	306,074	310,513	(4,439)	254,388
Property	64,925	274,925	260,623	14,302	54,750
Other	145,433	140,547	4,822	135,725	16,192
Total Instruction	7,870,253	8,408,862	8,250,786	158,076	7,580,520
Supporting Services					
Salaries	1,424,717	1,424,657	1,424,657	-	1,190,884
Employee Benefits	625,494	574,698	555,742	18,956	606,755
Purchased Services	2,834,006	2,836,840	2,764,832	72,008	2,453,489
Supplies and Materials	77,817	68,500	56,374	12,126	64,595
Property	-	78,000	77,868	132	34,099
Other	56,800	23,800	17,456	6,344	31,034
Debt Service					
Principal	175,000	175,000	174,217	783	84,954
Interest	358,000	358,000	357,031	969	399,498
Total Supporting Services	5,551,834	5,539,495	5,428,177	111,318	4,865,308
TOTAL EXPENDITURES	13,422,087	13,948,357	13,678,963	269,394	12,445,828
NET CHANGE IN FUND BALANCE	(727,263)	583,253	845,355	262,102	1,161,505
FUND BALANCE, Beginning	3,142,903	4,084,650	4,084,006	(644)	2,922,501
FUND BALANCE, Ending	\$ 2,415,640	\$ 4,667,903	\$ 4,929,361	\$ 261,458	\$ 4,084,006

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.86449%	0.56674%	0.47570%	0.65520%	0.55500%	0.49880%	0.48720%	0.36480%
Proportionate Share of the Net Pension Liability (Asset)	\$3,889,480	\$3,733,953	\$4,866,296	\$5,873,480	\$6,079,600	\$4,057,547	\$3,042,730	\$1,897,445
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	-	1,654,809	2,521,202	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	3,889,480	5,388,762	7,387,498	5,873,480	6,079,600	4,057,547	3,042,730	1,897,445
Covered payroll	\$6,807,970	\$6,130,656	\$5,703,354	\$4,440,870	\$3,667,074	\$3,137,696	\$2,539,415	\$1,988,937
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	57.1%	87.9%	129.5%	132.3%	165.8%	129.3%	119.8%	95.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.14%	84.73%	75.69%	79.51%	74.10%	79.30%	83.90%	86.30%

NOTE: Information for the prior two years was not available for this report

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS DIVISION TRUST FUND PLAN

Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 530,932	\$ 428,211	\$ 364,834	\$ 245,323	\$ 175,423	\$ 102,414	\$ 138,635	\$ 103,377
Contributions in Relation to the Contractually Required Contributions	530,932	428,211	364,834	245,323	175,423	102,414	138,635	103,377
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,071,209	\$ 6,611,200	\$ 5,703,354	\$ 4,833,752	\$ 4,004,968	\$ 3,400,665	\$ 2,894,891	\$ 2,124,442
Contributions as a Percentage of Covered Payroll	7.51%	6.48%	6.40%	5.08%	4.38%	3.01%	4.79%	4.87%

NOTE: Information for the prior two years was not available for this report.

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

SCHEDULE OF THE NETWORK'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

	Years Ended December 31,				
	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.86453%	0.81787%	0.72220%	0.65340%	0.55500%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 197,907	\$ 301,280	\$ 326,219	\$ 332,979	\$ 302,507
Covered payroll	\$ 6,807,970	\$ 6,130,656	\$ 5,703,354	\$ 4,440,870	\$ 3,667,074
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	2.9%	4.9%	5.7%	7.5%	8.2%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	65.43%	46.98%	34.72%	30.45%	33.64%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

SCHEDULE OF THE NETWORK'S CONTRIBUTIONS
DENVER PUBLIC SCHOOLS HEALTH CARE TRUST FUND PLAN

	Years Ended June 30,				
	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 72,126	\$ 67,434	\$ 58,175	\$ 49,304	\$ 40,851
Contributions in Relation to the Contractually Required Contributions	72,126	67,434	58,175	49,304	40,851
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,071,209	\$ 6,611,200	\$ 5,703,354	\$ 4,833,752	\$ 4,004,968
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

HIGHLINE ACADEMY NETWORK

COMBINING BALANCE SHEET
June 30, 2021

	NORTHEAST CAMPUS	SOUTHEAST CAMPUS	BUILDING CORPORATION	TOTAL
ASSETS				
Cash and Investments	\$ 1,564,209	\$ 2,784,534	\$ -	\$ 4,348,743
Restricted Cash and Investments	-	-	42,245	42,245
Due From Northeast Campus	-	1,392	-	1,392
Accounts Receivable	345,124	230,527	-	575,651
Inventory	9,142	10,106	-	19,248
Prepaid Expenses	30,226	10,519	-	40,745
TOTAL ASSETS	<u>\$ 1,948,701</u>	<u>\$ 3,037,078</u>	<u>\$ 42,245</u>	<u>\$ 5,028,024</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,880	\$ 31,936	\$ -	\$ 40,816
Due to Southeast Campus	1,392	-	-	1,392
Accrued Salaries	2,785	2,025	-	4,810
Unearned Revenue	-	51,645	-	51,645
TOTAL LIABILITIES	<u>13,057</u>	<u>85,606</u>	<u>-</u>	<u>98,663</u>
FUND BALANCES				
Nonspendable	39,368	20,625	-	59,993
Restricted for Emergencies	184,496	196,993	-	381,489
Restricted for Debt Service	-	-	42,245	42,245
Restricted for Capital Outlay	45,002	-	-	45,002
Assigned for Capital Outlay	-	50,000	-	50,000
Unassigned	1,666,778	2,683,854	-	4,350,632
TOTAL FUND BALANCES	<u>1,935,644</u>	<u>2,951,472</u>	<u>42,245</u>	<u>4,929,361</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,948,701</u>	<u>\$ 3,037,078</u>	<u>\$ 42,245</u>	<u>\$ 5,028,024</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2021

	NORTHEAST CAMPUS	SOUTHEAST CAMPUS	BUILDING CORPORATION	TOTAL
REVENUES				
Local Sources	\$ 6,243,534	\$ 5,650,896	\$ 529,690	\$ 12,424,120
State Sources	423,303	395,868	-	819,171
Federal Sources	771,444	509,583	-	1,281,027
TOTAL REVENUES	7,438,281	6,556,347	529,690	14,524,318
EXPENDITURES				
Current				
Instruction	4,329,152	3,921,634	-	8,250,786
Supporting Services	2,370,421	2,526,508	-	4,896,929
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	174,217	174,217
Interest	-	-	357,031	357,031
TOTAL EXPENDITURES	6,699,573	6,448,142	531,248	13,678,963
NET CHANGE IN FUND BALANCES	738,708	108,205	(1,558)	845,355
FUND BALANCES, Beginning	1,196,936	2,843,267	43,803	4,084,006
FUND BALANCES, Ending	\$ 1,935,644	\$ 2,951,472	\$ 42,245	\$ 4,929,361

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

HIGHLINE ACADEMY NORTHEAST CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 3,901,337	\$ 4,041,487	\$4,041,763	\$ 276	\$ 4,279,251
Mill Levy Override	980,794	1,191,757	1,203,066	11,309	1,008,339
Tuition and Fees	47,864	11,735	4,020	(7,715)	36,145
Contributions	51,000	92,000	93,508	1,508	452,214
Interest	500	400	371	(29)	274
Other	775,377	882,284	900,806	18,522	420,924
State Sources					
Capital Construction	57,960	77,759	77,758	(1)	74,244
Grants and Donations	243,881	343,437	345,545	2,108	190,714
Federal Sources					
Grants and Donations	244,114	790,945	771,444	(19,501)	375,212
TOTAL REVENUES	<u>6,302,827</u>	<u>7,431,804</u>	<u>7,438,281</u>	<u>6,477</u>	<u>6,837,317</u>
EXPENDITURES					
Instruction					
Salaries	3,011,985	3,121,364	3,121,041	323	3,002,228
Employee Benefits	732,153	706,527	682,620	23,907	584,319
Purchased Services	234,255	164,786	187,154	(22,368)	151,795
Supplies and Materials	121,600	195,710	196,869	(1,159)	153,122
Property	24,925	139,925	136,778	3,147	35,536
Other	75,362	74,805	4,690	70,115	5,432
Total Instruction	<u>4,200,280</u>	<u>4,403,117</u>	<u>4,329,152</u>	<u>73,965</u>	<u>3,932,432</u>
Supporting Services					
Salaries	696,656	696,782	696,782	-	622,020
Employee Benefits	283,970	263,758	254,486	9,272	356,769
Purchased Services	1,450,613	1,469,969	1,405,277	64,692	1,224,940
Supplies and Materials	11,500	6,500	7,899	(1,399)	10,915
Property	-	-	-	-	34,099
Other	15,800	8,800	5,977	2,823	8,576
Total Supporting Services	<u>2,458,539</u>	<u>2,445,809</u>	<u>2,370,421</u>	<u>75,388</u>	<u>2,257,319</u>
TOTAL EXPENDITURES	<u>6,658,819</u>	<u>6,848,926</u>	<u>6,699,573</u>	<u>149,353</u>	<u>6,189,751</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(355,992)</u>	<u>582,878</u>	<u>738,708</u>	<u>155,830</u>	<u>647,566</u>
NET CHANGE IN FUND BALANCE	(355,992)	582,878	738,708	155,830	647,566
FUND BALANCE, Beginning	<u>649,684</u>	<u>1,196,935</u>	<u>1,196,936</u>	<u>1</u>	<u>549,370</u>
FUND BALANCE, Ending	<u>\$ 293,692</u>	<u>\$ 1,779,813</u>	<u>\$1,935,644</u>	<u>\$ 155,831</u>	<u>\$ 1,196,936</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

HIGHLINE ACADEMY SOUTHEAST CAMPUS
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 4,271,990	\$ 4,351,413	\$4,351,720	\$ 307	\$ 4,535,930
Mill Levy Override	740,921	969,545	969,601	56	739,496
Tuition and Fees	76,960	83,395	79,032	(4,363)	50,496
Contributions	15,000	33,000	35,747	2,747	188,346
Interest	24,000	3,500	2,145	(1,355)	18,221
Other	394,458	204,567	212,651	8,084	345,764
State Sources					
Capital Construction	124,800	157,634	157,635	1	144,723
Grants and Donations	179,377	239,071	238,233	(838)	156,177
Federal Sources					
Grants and Donations	34,391	527,581	509,583	(17,998)	96,055
TOTAL REVENUES	<u>5,861,897</u>	<u>6,569,706</u>	<u>6,556,347</u>	<u>(13,359)</u>	<u>6,275,208</u>
EXPENDITURES					
Instruction					
Salaries	2,622,823	2,914,068	2,920,321	(6,253)	2,747,285
Employee Benefits	595,279	567,612	550,732	16,880	589,959
Purchased Services	252,200	212,959	212,960	(1)	179,604
Supplies and Materials	89,600	110,364	113,644	(3,280)	101,266
Property	40,000	135,000	123,845	11,155	19,214
Other	70,071	65,742	132	65,610	10,760
Total Instruction	<u>3,669,973</u>	<u>4,005,745</u>	<u>3,921,634</u>	<u>84,111</u>	<u>3,648,088</u>
Supporting Services					
Salaries	728,061	727,875	727,875	-	568,864
Employee Benefits	341,524	310,940	301,256	9,684	249,986
Purchased Services	1,383,393	1,366,871	1,359,555	7,316	1,228,549
Supplies and Materials	66,317	62,000	48,475	13,525	53,680
Property	-	78,000	77,868	132	-
Other	41,000	15,000	11,479	3,521	22,458
Total Supporting Services	<u>2,560,295</u>	<u>2,560,686</u>	<u>2,526,508</u>	<u>34,178</u>	<u>2,123,537</u>
TOTAL EXPENDITURES	<u>6,230,268</u>	<u>6,566,431</u>	<u>6,448,142</u>	<u>118,289</u>	<u>5,771,625</u>
NET CHANGE IN FUND BALANCE	(368,371)	3,275	108,205	104,930	503,583
FUND BALANCE, Beginning	<u>2,448,772</u>	<u>2,843,268</u>	<u>2,843,267</u>	<u>(1)</u>	<u>2,339,684</u>
FUND BALANCE, Ending	<u>\$ 2,080,401</u>	<u>\$ 2,846,543</u>	<u>\$2,951,472</u>	<u>\$ 104,929</u>	<u>\$ 2,843,267</u>

See the accompanying independent auditor's report.

HIGHLINE ACADEMY NETWORK

HIGHLINE ACADEMY SOUTHEAST BUILDING CORPORATION
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Local Sources					
Rental Income	\$ 530,000	\$ 530,000	\$ 529,689	\$ (311)	\$ 494,678
Interest	100	100	1	(99)	130
TOTAL REVENUES	<u>530,100</u>	<u>530,100</u>	<u>529,690</u>	<u>(410)</u>	<u>494,808</u>
EXPENDITURES					
Current					
Purchased Services	-	-	-	-	-
Debt Service					
Principal	175,000	175,000	174,217	783	84,954
Interest	358,000	358,000	357,031	969	399,498
TOTAL EXPENDITURES	<u>533,000</u>	<u>533,000</u>	<u>531,248</u>	<u>1,752</u>	<u>484,452</u>
NET CHANGE IN FUND BALANCE	(2,900)	(2,900)	(1,558)	1,342	10,356
FUND BALANCE, Beginning	<u>44,447</u>	<u>44,447</u>	<u>43,803</u>	<u>(644)</u>	<u>33,447</u>
FUND BALANCE, Ending	<u>\$ 41,547</u>	<u>\$ 41,547</u>	<u>\$ 42,245</u>	<u>\$ 698</u>	<u>\$ 43,803</u>

See the accompanying independent auditor's report.

COMPLIANCE

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

Board of Directors
Highline Academy Network
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highline Academy Network (the "Network" or the "School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated October 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PB Solutions LLC

October 8, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Highline Academy Network
Denver, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Highline Academy Network's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Highline Academy Network's major federal programs for the year ended June 30, 2021. The Highline Academy Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Highline Academy Network's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Highline Academy Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Highline Academy Network's compliance.

Opinion on Each Major Federal Program

In our opinion, the Highline Academy Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Highline Academy Network is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Highline Academy Network's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the highline Academy Network's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PB Solutions LLC

October 8, 2021

HIGHLINE ACADEMY NETWORK
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identification Number</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Treasury</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Coronavirus Relief Fund	21.019	4012	\$ 551,549
Coronavirus Relief Fund	21.019	5012	38,415
Coronavirus Relief Fund	21.019	6012	<u>30,798</u>
Total U.S. Department of Treasury			<u>620,762</u>
<u>U. S. Department of Education</u>			
<i>Passed-Through the Colorado Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	4010	196,956
Title I Grants to Local Educational Agencies	84.010	5010	84,059
Charter Schools	84.282	8282	55,686
Teacher Quality Partnership Grants	84.336	4367	30,855
English Language Acquisition State Grants	84.365	4365	20,038
Student Support and Academic Enrichment Program	84.424	4424	16,258
Education Stabilization Fund	84.425	4525	207,564
Education Stabilization Fund	84.425	6425	<u>48,849</u>
Total U.S. Department of Education			<u>660,265</u>
Total Expenditures of Federal Awards			<u>\$ 1,281,027</u>

HIGHLINE ACADEMY NETWORK
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Network. The schedule includes federally funded amounts of pass-through awards received by the Network through the State of Colorado. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule represents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in position or cash flows of the Network.
2. Amounts reported in the schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors. The Network has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2021, the Network did not pass through any federal funds to subrecipients.
4. For federal awards expended by the Network as a subrecipient, the schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.

HIGHLINE ACADEMY NETWORK
Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was: Unmodified
2. The independent auditor's report on internal control over financial reported disclosed:

Significant deficiency(ies)? ☐ Yes ☒ None Reported
Material weakness(es)? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit: ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? ☐ Yes ☒ None Reported
Material weakness(es)? ☐ Yes ☒ No
5. The opinions expressed in the independent auditor's report on compliance for major federal award programs were: Unmodified
6. The audit disclosed findings required to be reported by section 2 CFR §200.516(a)? ☐ Yes ☒ No
7. The Organization's major programs were:

<u>Name of federal program</u>	<u>CDFA Number</u>
Coronavirus Relief Funds	21.019
8. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
9. The Organization qualified as low-risk auditee: ☐ Yes ☒ No

HIGHLINE ACADEMY NETWORK
Schedule Findings and Questioned Costs

For the year ended June 30, 2021

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.