

WESTGATE COMMUNITY SCHOOL

FINANCIAL STATEMENTS

June 30, 2021



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report	a -b
Basic Financial Statements	
Management's Discussion and Analysis	i - vi
Statement of Net Position	1
Statement of Activities	2
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Fund Type – Building Corporation	7
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund Type – Building Corporation	8
Statement of Cash Flows – Proprietary Fund Type – Building Corporation	9
Notes to Financial Statements	10 - 42
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	43
Schedule of Proportionate Share of the Net Pension Liability	44
Schedule of School Pension Contributions	45
Schedule of Proportionate Share of the Net OPEB Liability	46
Schedule of School OPEB Contributions	47
Notes to Required Supplementary Information	48
Supplementary Information	
Budgetary Comparison Schedule – Capital Improvements Fund	49



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Westgate Community School
Thornton, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Westgate Community School (the "School"), a component unit of Adams County School District No. 12, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Westgate Community School.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 School'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 School'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 reasonable 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 the Westgate Community School as of June 30, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages i – vi, and budgetary comparison schedule, schedule of proportionate share of the net pension liability, the schedule of school pension contributions, schedule of proportionate share of the net OPEB liability and the schedule of school OPEB contributions on pages 39 – 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westgate Community School's basic financial statements. The accompanying budgetary comparison schedule for the capital improvements fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule of the capital improvements fund is the responsibility of management and was derived from and relates 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 budgetary comparison schedule of the capital improvements fund is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 27, 2021

Westgate Community School

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2021

As management of Westgate Community School (Westgate), we offer readers of Westgate's basic financial statements this narrative and analysis of the financial activities of Westgate for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the accompanying financial statements.

Financial Highlights

The year ending June 30, 2021 is the eleventh year of operations for Westgate. The general fund balance increased from \$2,307,325 to \$2,751,628.

The operations of Westgate are funded primarily by tax revenue received under the State School Finance Act. Tax revenue for the year from Per Pupil Revenue was approximately \$4,042,893. Westgate Community School also received \$741,543 from Adams 12 Five Star Schools Mill Levy Overrides.

Overview of Financial Statements

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

Government-Wide Financial Statements

Government-wide financial statements are prepared to provide interested parties with a broad overview of the school's financial reporting in similar format to a private-sector business. The statement of net position presents information related to assets and liabilities and remaining assessment of financial value (net position). With historical data, increases and decreases in net position may serve as a useful indicator of whether the financial position of the school is improving or deteriorating.

The statement of activities, or income statement, presents information showing how the school's net position changed during the year. Changes to net position are reported at the primary occurrence regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of fiscal year end).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Westgate keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources.

Westgate adopts an annual budget for the general fund and capital improvements fund. A budgetary comparison has been provided for the general fund to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements. The

Capital Improvements fund is a governmental fund and is used to hold funds for capital expenditures related to Adams 12 Five Star School District 2016 Bond issue.

The Westgate Building Corporation is considered a component unit of Westgate Community School and is reported as an internal service fund. Information is presented in the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows.

Notes to Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Westgate’s financial position. For the year ending June 30, 2021, Westgate’s net position was \$(669,459) Approximately \$158,000 of these funds are restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and \$200,000 of these funds are restricted for reserves required by the Adams 12 Five Star School District for a Special Education Lawsuit Reserve. Accordingly, these funds are not available to satisfy general operating expenses of Westgate.

Statement of Net Position		2021	2020
Assets			
	Cash	\$2,868,772	\$2,450,138
	Restricted Cash and Investments	604,662	862,721
	Accounts Receivable	230,049	33,256
	Prepaid Expenditures	-	39,750
	Capital Assets, Not Depreciated	2,959,356	3,887,346
	Capital Assets, Depreciated, Net	<u>7,400,788</u>	<u>5,545,091</u>
Total Assets		<u>14,063,627</u>	<u>12,818,302</u>
Deferred Outflows of Resources			
	Deferred outflows of resources related to Pensions	3,096,494	1,727,576
	Deferred outflows of Resources Related to OPEB	<u>143,747</u>	<u>84,746</u>
Liabilities			
	Accounts Payable	167,452	37,097
	Retainage Payable	-	44,048
	Accrued Liabilities		
	Accrued Salaries and Benefits	186,311	190,805
	Unearned Revenues		
	Accrued Interest	29,216	30,107
Non-Current Liabilities			
	Due In One Year	263,700	275,057
	Due In More than One Year	7,700,338	7,964,030
	Net Pension Liability	7,106,765	5,725,920
	Net OPEB Liability	<u>258,357</u>	<u>281,390</u>
Total Liabilities		<u>15,712,139</u>	<u>14,548,454</u>
Deferred Inflows of Resources			
	Deferred inflows of resources related to Pensions	2,192,068	2,608,489
	Deferred inflows of resources related to OPEB	<u>69,120</u>	<u>43,214</u>
Net Position			
	Invested In Capital Assets, Net	2,396,106	1,193,350
	Restricted For Emergencies	158,000	170,300
	Restricted By the District	200,000	200,000
	Debt Service	575,446	832,614
	Capital Improvements	-	60,933
	Unrestricted	<u>(3,999,011)</u>	<u>(5,026,730)</u>
Total Net Position		<u>\$(669,459)</u>	<u>\$(2,569,533)</u>

<i>Changes In Net Position</i>		2021	2020
Revenues			
	Per Pupil Operating Revenue	\$4,042,893	\$4,295,065
	Mill levy Override	741,543	736,319
	Charges For Services	138,690	178,532
	Other Revenue	35,661	34,372
	Grants and Donations	536,143	211,911
	Contributions not restricted to Specific Programs	32,184	76,190
	Contribution from Adams 12		0
	Investment Income	376	10,822
	Capital Grants	<u>883,012</u>	<u>66,325</u>
Total Revenue		<u>6,410,502</u>	<u>5,609,536</u>
Expenses			
	Instructional	2,260,645	2,180,470
	Support	1,889,389	2,474,623
	Interest on Long Term Debt	<u>360,394</u>	<u>371,824</u>
Total Expenses		<u>4,510,428</u>	<u>5,026,917</u>
Increase (Decrease) In Net Position		1,900,074	582,619
Net Position, Beginning of Year		(2,569,533)	(3,152,152)
Net Position, End of Year		<u>\$(669,459)</u>	<u>\$(2,569,533)</u>

Fund Financial Analysis

Governmental Funds

General Fund

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

Income- The total income for the period ending June 30, 2021 was \$6,410,126. Per pupil funding from the State accounts for the majority of this income. Other sources of funds include charges for instructional fees, student activities and lunches. Westgate also received \$153,702 in Capital Construction Grant funds from the State and \$741,543 in Mill Levy Override funding from Adams 12. Westgate received \$729,310 of reimbursed grant funds from Adams County Open Spaces for the Phase II Outdoor Education Campus project. Related to the ongoing COVID-19 pandemic, Westgate received \$245,486 in Coronavirus Relief Funds, \$32,184 in Coronavirus Relief Funds for At-Risk Students, \$21,611 in ESSER I Funds, and \$117,528 in ESSER II Funds. All of these funds were used to respond to the COVID-19 pandemic.

Expenditures: Total expenditures for the period ending June 30, 2021 were \$5,965,823. Included in these expenditures are \$607,420 of lease payments to the Building Corporation for building occupancy and \$29,805 of payments for the LED lights. Salaries and benefits for the year totaled \$3,421,377, or 57% of our expenditures for the year.

Net Income: The net income in the General Fund for the period ending June 30, 2021 was \$444,303. As of the end of the current fiscal year, Westgate's General Fund reported an ending fund balance of \$2,751,628 of which \$158,000 is reserved for emergencies under TABOR and \$200,000 is reserved for Special Education per the contract with Adams 12.

Capital Improvements Fund

In November 2016, Adams 12 Five Star School District passed a \$350 Million bond for improvements to the District and Charter Schools. Westgate received bond proceeds of \$2,184,371 in early 2017. Westgate used the funds for capital improvements to the school building and land, safety and security enhancements and technological upgrades. As of June 30, 2021, the capital improvements fund had expenditures of \$60,939 and interest earnings of \$6. Expenditures for the year were related to the construction of Phase II of the Outdoor Education Campus. The Outdoor Education Campus was completed in late June 2021. As of June 30, 2021, there are no funds remaining in the capital improvements fund and the fund has been closed out.

Internal Service Fund (Building Corp)

Income-The total income for the period ending June 30, 2021 was \$637,594. This income is derived from \$607,420 of rent payments from the school General Fund in accordance with the lease agreement and investment income. In addition, the Building Corporation financed the purchase and installation of LED lights in the school. The school makes monthly lease payments to the building corporation in the amount of the loan payments. Lease revenue for the LED lights for the year totaled \$29,804. Investment income of \$370 was also earned during the year. Investment income is generated from a nightly sweep of the Trustee accounts to ColoTrust.

Expenses- Total expenses for the period ending June 30, 2021 were \$490,906. The interest expense for the year was \$360,394. Depreciation expense was \$107,043 for the year. Westgate also used \$6,571 of the Project Fund to complete projects including replacing carpet in the lobby of the school.

Net Income- As of June 30, 2021, Westgate's Building Corp recorded a change in net position of \$146,688 providing for an ending net position of \$(14,737). The net position should become positive as the annual depreciation expense becomes less than the annual payment of principal on the bonds.

General Fund Budgetary Highlights

Westgate budgeted for expenditures and transfers of \$6,178,332, for the year ended June 30, 2020. Actual expenditures and transfers were \$5,965,823. There were two budget amendments made during the year. The budget revision was adopted on January 26, 2021 and primarily adjusted PPR and included revenues related to COVID relief funds. The revision also added positions and expenditures related to COVID-19. The second revision was adopted on June 8, 2021 and primarily adjusted revenues and expenditures for additional relief funds, including adding hazard pay stipends for all staff.

Capital Assets- General Fund

Capital Assets-Westgate's investment in capital assets as of June 30, 2021, amounts to \$15,984 (net of accumulated depreciation). This investment in capital assets includes vehicles and removable improvements to the school. The school purchased a new ATV during the year. Depreciation related to the existing outdoor improvements for the year was \$37,378 providing for a carrying value of the improvements of \$584,801. Construction on phase II of the Outdoor

Educational Campus was completed in late June 2021 and the asset was entered into service on July 1, 2021. Details of Westgate's capital assets are in Note 4 to the Financial Statements.

Capital Assets- Capital Improvement Fund

Capital Assets- Westgate invested in construction services for Phase II of the Outdoor Education Campus. All funds from the Capital Improvement fund were expended during the year ended June 30, 2021. Phase II of the Outdoor Education Campus will be capitalized in the general fund and will be entered into service on July 1, 2021.

Capital Asset and Debt Administration-Internal Service Fund

*Capital Assets-*Westgate's Building Corp's investment in capital assets as of June 30, 2021 amounts to \$7,380,425, net of accumulated depreciation. These assets represent the building and improvements to the facility. Of this, the Building Corp has non-depreciable assets of \$2,834,000 in land acquisition costs. Details of Westgate's capital assets are in Note 4 to the Financial Statements.

Long Term Debt- As of June 30, 2021, the Building Corp had outstanding debt of \$7,957,161 related to the Series 2016 Bond issuance. On September 13, 2016, the building corporation obtained financing to purchase and install LED lights throughout the building. The total amount of the loan is \$134,604 and the balance as of June 30, 2021 is \$6,877. The Building Corporation receives monthly payments from the school in the amount of the loan payment. Details of Westgate's long term debt can be found in Note 5 to the Financial Statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for Westgate are student enrollment and projected state funding. Final enrollment for the 2020-2021 school year was 508 FTE. These factors were considered in preparing Westgate's budget for 2020-2021. The 2021 projected PPR numbers came from recommendations from our authorizer, Adams 12. These projections were in line with state projections.

Westgate's preliminarily expects enrollment for the 2021-2022 school year to be 514 FTE.

During the 2020-2021 school year, Westgate Community School transitioned between in-person, hybrid and distance learning as necessitated by the COVID-19 pandemic. Westgate community School has been allocated substantial relief funds including \$258,432 in Coronavirus Relief Funds, \$32,184 in Coronavirus Relief Funds for At-Risk Students, \$21,611 in ESSER I funds, \$176,099 in ESSER III Funds, and \$398,301 in ESSER III. As of June 30, 2021, Westgate has received all Coronavirus Relief Funds, Coronavirus Relief Funds for At-risk Students and ESSER I Funds. Westgate has also received \$117,528 in ESSER II Funds. The remainder of ESSER II and all of ESSER III funds will be used in future years.

On July 13, 2012 Westgate purchased a permanent facility, located at 12500 N Washington St, Thornton, CO. This property consists of two buildings totaling over 136,000 sq. ft. and is located on 20+ acres of land.

In 2016, Westgate received two grants from the Adams County Open Spaces Board. In the Fall 2015 cycle, Westgate was awarded \$58,300 to complete the design and construction documents for the vacant land. In the Spring 2016 cycle, Westgate received an additional \$435,711 in construction funds to build Phase I of the Westgate Environmental Education Campus. The Education Campus

is made up of play areas, outdoor classrooms and gathering spaces, a community plaza, measured walking trails, a greenhouse and chicken coop. Phase I of the project was funded through the Adams County Open Spaces Grant, GOCO School Play-yard Grant, Colorado Garden Foundation Grant, and Westgate matching funds. In November 2016, Westgate opened Phase 1 of the Environmental Education Campus.

In 2018, Westgate received an additional grant from Adams County Open Spaces for \$805,000 for the construction of Phase II of our Environmental Education Campus. Phase II includes concrete walking trails, a community amphitheater, two additional outdoor classrooms, the construction of goat and chicken pens, experimental gardens, and a large open lawn. Construction was completed in late June 2021.

Westgate, in conjunction with the City of Thornton, has also been awarded a Safe Routes to School grant which will provide for school zone lights, pedestrian crosswalks, and sidewalk improvements. Westgate and the City of Thornton each provided 10% matching funds for this project. The project is currently being reviewed by Thornton and the Colorado Department of Transportation and has an unknown completion date.

Requests for Information

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

Westgate Community School
12500 N Washington St
Thornton, CO 80241

BASIC FINANCIAL STATEMENTS

WESTGATE COMMUNITY SCHOOL

STATEMENT OF NET POSITION

June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 2,868,772
Restricted Cash and Investments	604,662
Accounts Receivable	230,049
Capital Assets, Not Depreciated	2,959,356
Capital Assets, Net of Accumulated Depreciation	<u>7,400,788</u>
TOTAL ASSETS	<u>14,063,627</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	3,096,494
Deferred Outflows of Resources Related to OPEB	<u>143,747</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,240,241</u>
LIABILITIES	
Accounts Payable	167,452
Accrued Salaries and Benefits	186,311
Accrued Interest Payable	29,216
Noncurrent Liabilities	
Due Within One Year	263,700
Due in More Than One Year	7,700,338
Net Pension Liability	7,106,765
Net OPEB Liability	<u>258,357</u>
TOTAL LIABILITIES	<u>15,712,139</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	2,192,068
Deferred Inflows of Resources Related to OPEB	<u>69,120</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,261,188</u>
NET POSITION	
Net Investment in Capital Assets	2,396,106
Restricted for	
Emergencies	158,000
Special Education	200,000
Debt Service	575,446
Unrestricted	<u>(3,999,011)</u>
TOTAL NET POSITION	<u>\$ (669,459)</u>

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

WESTGATE COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 2,260,645	\$ 99,731	\$ 536,143	\$ -	\$ (1,624,771)
Supporting Services	1,889,389	38,959	-	883,012	(967,418)
Interest on Long-Term Debt	360,394	-	-	-	(360,394)
Total Governmental Activities	<u>\$ 4,510,428</u>	<u>\$ 138,690</u>	<u>\$ 536,143</u>	<u>\$ 883,012</u>	<u>(2,952,583)</u>
			GENERAL REVENUES		
			Per Pupil Revenue		4,042,893
			Mill Levy Override		741,543
			Contributions not Restricted to Specific Programs		32,184
			Investment Income		376
			Other		35,661
			TOTAL GENERAL REVENUES		<u>4,852,657</u>
			CHANGE IN NET POSITION		1,900,074
			NET POSITION, Beginning		<u>(2,569,533)</u>
			NET POSITION, Ending		<u>\$ (669,459)</u>

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

WESTGATE COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2021

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Investments	\$ 2,868,772	\$ -	\$ 2,868,772
Accounts Receivable	230,049	-	230,049
TOTAL ASSETS	<u>\$ 3,098,821</u>	<u>\$ -</u>	<u>\$ 3,098,821</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 160,882	\$ -	\$ 160,882
Accrued Salaries and Benefits	186,311	-	186,311
TOTAL LIABILITIES	<u>347,193</u>	<u>-</u>	<u>347,193</u>
FUND BALANCES			
Restricted for:			
Emergencies	158,000	-	158,000
Special Education	200,000	-	200,000
Committed for:			
Working Capital	100,000	-	100,000
Capital Improvements	40,000	-	40,000
Unassigned	2,253,628	-	2,253,628
TOTAL FUND BALANCES	<u>2,751,628</u>	<u>-</u>	<u>2,751,628</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,098,821</u>	<u>\$ -</u>	<u>\$ 3,098,821</u>

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

WESTGATE COMMUNITY SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2021

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

Total Fund Balances of Governmental Funds	\$ 2,751,628
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	2,979,719
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 - difference in expected vs actual experience	281,102
Deferred outflows of resources - difference in expected vs actual experience - OPEB	573
Deferred outflows of resources - change in proportionate share of net pension liability	2,061,443
Deferred outflows of resources - change in proportionate share of net OPEB liability	128,130
Deferred outflows of resources - pension contributions from the measurement date	261,798
Deferred outflows of resources - OPEB contributions from the measurement date	13,432
Deferred outflows of resources - change in assumptions or other inputs	492,151
Deferred outflows of resources - change in assumptions or other inputs - OPEB	1,612
Deferred inflows of resources - difference in projected vs actual investment earnings	(1,251,489)
Deferred inflows of resources - difference in projected vs actual investment earnings - OPEB	(8,446)
Deferred inflows of resources - difference in expected vs actual experience - OPEB	(47,442)
Deferred inflows of resources - change in assumptions or other inputs	(859,969)
Deferred inflows of resources - change in assumptions or other inputs - OPEB	(13,232)
Deferred inflows of resources - change in proportionate share of net pension liability	(80,610)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These are the amounts of the net pension liability and net OPEB liability.	(7,365,122)
An internal service fund is used by management to charge the lease costs to governmental funds. These assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	<u>(14,737)</u>
Total Net Position of Governmental Activities	<u>\$ (669,459)</u>

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

WESTGATE COMMUNITY SCHOOL

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

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 6,224,240	\$ 6	\$ 6,224,246
State Sources	185,886	-	185,886
TOTAL REVENUES	<u>6,410,126</u>	<u>6</u>	<u>6,410,132</u>
EXPENDITURES			
Current			
Instruction	2,554,651	-	2,554,651
Supporting Services	3,411,172	60,939	3,472,111
TOTAL EXPENDITURES	<u>5,965,823</u>	<u>60,939</u>	<u>6,026,762</u>
NET CHANGE IN FUND BALANCES	444,303	(60,933)	383,370
FUND BALANCES, Beginning	<u>2,307,325</u>	<u>60,933</u>	<u>2,368,258</u>
FUND BALANCES, Ending	<u>\$ 2,751,628</u>	<u>\$ -</u>	<u>\$ 2,751,628</u>

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

WESTGATE COMMUNITY SCHOOL

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 of Governmental Funds	\$	383,370
Capital outlays to purchase or build capital assets are reported in the governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount that capital outlay \$977,959 exceeded depreciation expense (\$68,565) in the current year.		909,394
In the statement of activities, certain operating expenses, pension expense, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions and OPEB, and a special funding situation from non-employer contributions, in the statement of activities.		404,494
In the statement of activities, certain operating expenses, pension expense, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of OPEB related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions and OPEB, in the statement of activities.		56,128
The internal service fund is used by management to charge the cost of lease payments to the governmental fund. The net revenue (expense) of the internal service fund is reported with the governmental activities		146,688
Change in Net Position of Governmental Activities	\$	1,900,074

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

WESTGATE COMMUNITY SCHOOL

STATEMENT OF NET POSITION PROPRIETARY FUND TYPE BUILDING CORPORATION June 30, 2021

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current Assets	
Restricted Cash and Investments	\$ 604,662
Total Current Assets	<u>604,662</u>
Noncurrent Assets	
Capital Assets, Not Being Depreciated	2,959,356
Capital Assets, Net of Accumulated Depreciation	<u>4,421,069</u>
Total Noncurrent Assets	<u>7,380,425</u>
TOTAL ASSETS	<u>7,985,087</u>
LIABILITIES	
Current Liabilities	
Accrued Interest Payable	29,216
Note Payable - Current Portion	6,877
Building Lease Payable - Current Portion	<u>256,823</u>
Total Current Liabilities	<u>299,486</u>
Noncurrent Liabilities	
Building Lease Payable	<u>7,700,338</u>
Total Noncurrent Liabilities	<u>7,700,338</u>
TOTAL LIABILITIES	<u>7,999,824</u>
NET POSITION	
Net Investment in Capital Assets	(576,736)
Restricted for Debt Service	<u>561,999</u>
TOTAL NET POSITION	<u>\$ (14,737)</u>

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

WESTGATE COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND TYPE

BUILDING CORPORATION

Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Building Rent	\$ 637,224
Investment Income	370
TOTAL OPERATING REVENUES	637,594
OPERATING EXPENSES	
Purchased Services	6,571
Other	16,898
Depreciation	107,043
TOTAL OPERATING EXPENSES	130,512
OPERATING INCOME	507,082
NON-OPERATING EXPENSES	
Interest Expense and Fiscal Charges	(360,394)
CHANGE IN NET POSITION	146,688
NET POSITION, Beginning	(161,425)
NET POSITION, Ending	\$ (14,737)

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

WESTGATE COMMUNITY SCHOOL

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
BUILDING CORPORATION

Increase (Decrease) in Cash and Cash Equivalents
Year Ended June 30, 2021

	Governmental Activities <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 637,224
Investment Income	370
Cash Payments for Purchased Services and Other	<u>(16,899)</u>
Net Cash Provided by Operating Activities	<u>620,695</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(125,356)
Principal Paid on Lease	(246,138)
Principal Paid on Note Payable	(28,911)
Interest Paid on Lease and Loan	<u>(361,285)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(761,690)</u>
Decrease in Cash and Cash Equivalents	(140,995)
CASH AND CASH EQUIVALENTS, Beginning	<u>745,657</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 604,662</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 507,082
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	107,043
Changes in Assets and Liabilities Accounts Payable	<u>6,570</u>
Net Cash Provided by Operating Activities	<u>\$ 620,695</u>

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Westgate Community School (the "School") was formed in 2009 pursuant to the Colorado Charter Schools Act to form and operate a charter school within Adams County School District No. 12 (the "District"). The School is governed by a six-member Board of Directors.

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

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The School is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if School officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the School will include the following organization in its reporting entity.

Westgate Community School Building Corporation

The purpose of the Westgate Community School Building Corporation (the "Building Corporation") is to provide a mechanism to issue and pay debt on behalf of the School. The Building Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as an internal service fund. As part of its ongoing responsibilities, the Building Corporation provides the School with monthly financial statements. Separate financial statements are not available.

The School is a component unit of Adams County School District No. 12.

Government-Wide and Fund Financial Statements

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School 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 others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year.

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Capital Improvements Fund is used to account for the activity of the 2016 bond funds received from the Adams 12 School District as a result of the bond election.

Additionally, the School reports the following fund type:

Internal Service Fund is used to account for the activity of the Building Corporation.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are stated at fair value.

Prepaid expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets - Capital assets, which include land, building and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School 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 asset lives are not capitalized.

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditures) until then. The School has items related to pensions and other postemployment benefits that are reported as deferred outflows of resources at June 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until then. The Schools has an item related to pensions that is reported as deferred inflows of resources at June 30, 2021.

Net Position – In the government-wide and proprietary fund type financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The School had nonspendable resources in the form of prepaid expenses at June 30, 2021.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 School has classified emergency reserves as being restricted because its use is restricted by State statute for declared emergencies. The School has also classified a special education reserve as restricted as required by the charter school agreement, and debt service reserve as required by the building lease.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors. The School had committed resources for future working capital and capital improvements at June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the School’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The School did not have any assigned fund balance at 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 School has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the School uses restricted fund balance first.

Compensated Absences – The School’s policy allows employees to accumulate paid time off (PTO) depending on the employee’s position. Most contracted staff receive 8 days of PTO. Unused PTO is paid out before the end of the year at a rate of \$75 per day. Therefore, no unused PTO liability is reported at June 30, 2021.

Pensions

The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions,

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

OPEB

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments 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.

Risk Management

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

Income Taxes

The School and Building Corporation are exempt from income tax under Sections 501(c)(3) of the United States Internal Revenue Code. The School and Building Corporation did not have any material unrelated business income tax liability for the year ended June 30, 2021. The School's and Building Corporation's tax filings are subject to audit by various taxing authorities. The School's and Building Corporation's ending open audit periods are June 30, 2018, 2019, 2020 and 2021.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School and Building Corporation believe they have no significant uncertain tax provisions for the period ended June 30, 2021.

Subsequent Events

The School has evaluated events subsequent to the year ended June 30, 2021 through September 21, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

The Governmental Activities and the Internal Service Fund - Building Corporation has deficit net position of \$669,459 and \$14,737, respectively, at June 30, 2021. The Governmental Activities deficit is primarily related to the net pension liability and net OPEB liability added to the School's financial statements as required by the GASB. Management does not know if this deficit net position will increase/decrease in the future because the GASB accounting standard does not require the School to fund the net pension liability and or net OPEB liability. The Internal Service Fund - Building Corporation deficit is primarily from the debt issuance costs and accrued interest expense related to the bonds issued to purchase and improve land and building. Management expects this deficit balance to be eliminated as the debt is paid.

NOTE 3: CASH AND INVESTMENTS

At June 30, 2021, the School had the following cash and investments.

Cash and Investments	\$ 2,868,772
Restricted Cash and Investments	<u>604,662</u>
Total	<u>\$ 3,473,434</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution,

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2021, the School had cash deposits with a carrying amount of \$1,502,038. The bank balances with the financial institutions were \$1,638,085, of which \$250,000 was insured by the FDIC and \$1,388,085 was collateralized with securities held by the financial institutions' agents but not in the School's name.

Investments

The School does not have a formal investment policy; however, the School follows state statutes regarding investments. The School generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U. S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the School is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

At June 30, 2021, the School had the following investments:

	<u>Maturity</u>	<u>2021</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	<u>\$ 1,971,396</u>

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

The School invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and

the School records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The School does not have a policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Restricted cash and investments consist of \$604,602 restricted in the Building Corporation for bond reserves, bond principal and interest payments, and a project construction account.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4: CAPITAL ASSETS

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

	<u>Balances 6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 6/30/2021</u>
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 2,834,000	\$ -	\$ -	\$ 2,834,000
Construction in Progress	1,053,346	125,356	1,053,346	125,356
Total Capital Assets, being depreciated	<u>3,887,346</u>	<u>125,356</u>	<u>1,053,346</u>	<u>2,959,356</u>
Capital Assets, being depreciated				
Buildings and Improvements	6,559,427	2,025,979	-	8,585,406
Equipment	31,424	5,326	-	36,750
Total Capital Assets, being depreciated	<u>6,590,851</u>	<u>2,031,305</u>	<u>-</u>	<u>8,622,156</u>
Less accumulated depreciation				
Buildings and Improvements	(1,029,690)	(170,911)	-	(1,200,601)
Furniture and Equipment	(16,070)	(4,697)	-	(20,767)
Total accumulated depreciation	<u>(1,045,760)</u>	<u>(175,608)</u>	<u>-</u>	<u>(1,221,368)</u>
Total Capital Assets, being depreciated, net	<u>5,545,091</u>	<u>1,855,697</u>	<u>-</u>	<u>7,400,788</u>
Governmental Activities Capital Assets, net	<u>\$ 9,432,437</u>	<u>\$ 1,981,053</u>	<u>\$ 1,053,346</u>	<u>\$ 10,360,144</u>

Depreciation expense has been charged to the Supporting Services program of the School.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2021:

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>
Building Lease - 2016	\$ 8,203,299	\$ -	\$ 246,138	\$ 7,957,161	\$ 256,823
Note Payable	35,788	-	28,911	6,877	6,877
Totals	<u>\$ 8,239,087</u>	<u>\$ -</u>	<u>\$ 275,049</u>	<u>\$ 7,964,038</u>	<u>\$ 263,700</u>

Building Lease

On May 1, 2016, the Public Finance Authority issued \$6,362,887 Charter School Refunding and Improvement Revenue Bonds (Westgate Community School Project) Series 2016A, and \$2,726,952 Charter School Refunding and Improvement Revenue Bonds (Westgate Community School Project) Series 2016B (Taxable). These bonds were issued to refund the Charter School Revenue Bonds, Series 2012, fund the

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 5: LONG-TERM DEBT (Continued)

debt services reserve, accrued interest account, pay certain issuance costs and fund the project account. Both Series mature on May 2, 2026. Interest on the Series 2016A and Series 2016B (Taxable) accrues at 3.896% and 5.565% per annum, respectively. The Bonds may be called at various dates beginning May 3, 2016 through May 20, 2021 at rates ranging from 105% to 101% and 100% after May 3, 2021.

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

Note Payable

On September 13, 2016, the Building Corporation obtained financing from a local bank in the amount of \$134,604 for the purposes of upgrading the lighting system to LED lighting. Principal and interest payments of \$2,484 are due on the 30th day of each month, through September 30, 2021. Interest accrues at 3.95% per annum. The School makes monthly payments to the Building Corporation equal to the amount of the loan payments.

Future Debt Service Requirements

Annual debt service requirements for the Building Lease at June 30, 2021, were as follows.

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 256,823	\$ 349,666	\$ 606,489
2023	267,985	338,463	606,448
2024	279,646	326,759	606,405
2025	291,829	314,530	606,359
2026	6,860,878	277,623	7,138,501
	<u>\$ 7,957,161</u>	<u>\$ 1,607,041</u>	<u>\$ 9,564,202</u>

Annual debt service requirements for the note payable at June 30, 2021, were as follows.

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 6,877</u>	<u>\$ 37</u>	<u>\$ 6,914</u>

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN

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

Benefits Provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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 an annual increase in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, and all eligible benefit

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

recipients of the DPS benefit structure will receive an annual increase of 1.25% 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 eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% 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 retirement benefit formula 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 and the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00% of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. The employer contribution requirements are summarized in the table below:

	July 1, 2020 through June 30, 2021
Employer Contribution Rate	(1) 10.90%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-1411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-1411	5.50%
Total Employer Contribution Rate to the SCHDTF	19.88%

(1) - Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended \$225 million direct distribution payable on July 1, 2020 for the State's 2020-2021 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$493,517 for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the School reported a liability of \$7,106,765 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2020, the School's proportion was .047013%, which was an increase of .00868% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized a decrease in pension expense of \$404,495.

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 281,102	\$ -
Changes in assumptions or other inputs	492,151	(859,969)
Net difference between projected and actual earnings on pension plan investments	-	(1,251,489)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,061,443	(80,610)
Contributions subsequent to the measurement date	261,798	-
Total	<u>\$ 3,096,494</u>	<u>\$ (2,192,067)</u>

\$261,798 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, 2021.

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	\$ 567,209
2023	412,031
2024	(23,739)
2025	(312,872)

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method:	Entry age
Price inflation:	2.40%
Real wage growth:	1.10%
Wage inflation:	3.50%
Salary increases, including wage inflation:	3.50% – 9.70%

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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:	1.25% compounded annually
PERA benefit structure hired after 12/31/06 ⁽¹⁾ (ad hoc, substantively automatic):	Financed by the Annual Increase Reserve (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, related to increase for members of these benefit tiers can never exceed available assets.

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

Post-retirement mortality assumptions reflect 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% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Morality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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:	3.40% – 11.00%
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:	1.25% compounded annually
PERA benefit structure hired after 12/31/06 ⁽¹⁾ (ad hoc, substantively automatic):	Financed by the Annual Increase Reserve (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, related to increase for members of these benefit tiers can never exceed available assets.

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

- **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% of the rates for all ages with generational projection using scale MP-2019.

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

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Gobal Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives (1)	6.00%	4.70%
Total	100.00%	

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- As specified in law, the State of Colorado, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018 and is proportioned between the State, School, Judicial and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distributions ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, for the State's 2020-2021 fiscal year.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (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%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	\$ 9,694,210	\$ 7,106,765	\$ 4,950,571

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

NOTE 7: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description. Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. The report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S, as amended. The School does not match employee contributions. Employees are immediately vested in their contributions. For the year ended June 30, 2021, program members contributed \$300, equal to the required contributions for the Voluntary Investment Program.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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

Benefits Provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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 basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$25,646 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 \$258,356 for its proportionate share of the net OPEB liability. The net OPEB liability for the 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, 2019. The School's proportion of the net OPEB liability was based on School contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the School's proportion was 0.02719%, which was an increase of 0.00215% from its proportion measured as of December 31, 2019.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

For the year ended June 30, 2021, the School recognized a decrease in OPEB expense of (\$56,128). 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	\$ 573	\$ (47,442)
Changes in assumptions or other inputs	1,612	(13,232)
Net difference between projected and actual earnings on pension plan investments	-	(8,446)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	128,130	-
Contributions subsequent to the measurement date	<u>13,432</u>	<u>-</u>
Total	<u>\$ 143,747</u>	<u>\$ (69,120)</u>

\$13,432 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,

2021	\$ 15,627
2022	15,627
2023	14,721
2024	11,518
2025	3,504
2026	198

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 pension plan investment expenses, including price inflation:	7.25%
Discount rate:	7.25%

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Health care cost trend rates

PERA Benefit Structure:

Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.5% in 2029
Medicare Part A premiums	3.50% for 2020, gradually increasing to 4.5% in 2029

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

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

The 2020 Medicare Part A premium is \$458 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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. 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.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

The mortality assumption for disabled retirees was based on 90% 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.

	<u>Trust Fund</u>			
	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

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

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

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 251,679	\$ 258,357	\$ 266,130

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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%.
- 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.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate Share of Net OPEB Liability	<u>\$ 295,952</u>	<u>\$ 258,357</u>	<u>\$ 226,234</u>

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

WESTGATE COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

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.

Fiscal year 1993 provided the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Tabor Amendment is complex and subject to judicial interpretation. The School believes it has complied with the Amendment.

The School has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$158,000 was reported as a restriction of net position and fund balance.

Uncertainty – Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the School is located. It is unknown how long these conditions will last and what the complete financial impact will be to the School.

REQUIRED SUPPLEMENTARY INFORMATION

WESTGATE COMMUNITY SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 3,876,930	\$ 4,042,908	\$ 4,042,893	\$ (15)
Tuition and Fees	106,340	99,340	99,731	391
Grants	156,549	1,268,931	1,297,637	28,706
Mill Levy Override	741,398	740,513	741,543	1,030
Other	84,000	40,000	74,620	34,620
Total Local Sources	<u>4,965,217</u>	<u>6,191,692</u>	<u>6,256,424</u>	<u>64,732</u>
State Sources				
Capital Construction	102,799	152,903	153,702	799
Total State Sources	<u>102,799</u>	<u>152,903</u>	<u>153,702</u>	<u>799</u>
TOTAL REVENUES	<u>5,068,016</u>	<u>6,344,595</u>	<u>6,410,126</u>	<u>65,531</u>
EXPENDITURES				
Instruction				
Salaries and Benefits	2,063,140	2,264,437	2,219,968	44,469
Purchased Services	285,383	300,383	207,612	92,771
Supplies and Materials	62,222	77,222	59,175	18,047
Property	20,585	81,283	67,896	13,387
Total Instruction	<u>2,431,330</u>	<u>2,723,325</u>	<u>2,554,651</u>	<u>168,674</u>
Supporting Services				
School Administration				
Salaries and Benefits	1,259,757	1,231,268	1,201,409	29,859
Purchased Services	1,129,948	1,221,713	1,150,619	71,094
Supplies and Materials	173,836	163,836	125,620	38,216
Property	-	833,000	929,348	(96,348)
Other	5,190	5,190	4,176	1,014
Total Supporting Services	<u>2,568,731</u>	<u>3,455,007</u>	<u>3,411,172</u>	<u>43,835</u>
TOTAL EXPENDITURES	<u>5,000,061</u>	<u>6,178,332</u>	<u>5,965,823</u>	<u>212,509</u>
NET CHANGE IN FUND BALANCE	67,955	166,263	444,303	278,040
FUND BALANCE, Beginning	<u>1,756,697</u>	<u>2,267,575</u>	<u>2,307,325</u>	<u>550,628</u>
FUND BALANCE, Ending	<u>\$ 1,824,652</u>	<u>\$ 2,433,838</u>	<u>\$ 2,751,628</u>	<u>\$ 828,668</u>

See the accompanying Independent Auditor's Report.

WESTGATE COMMUNITY SCHOOL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA School Division Trust Fund Pension Plan
 Last Ten Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the Net Pension Liability (Asset)	0.04701%	0.03832%	0.03171%	0.03366%	0.03282%	0.03077%	0.03556%	0.02661%
Proportionate Share of the Net Pension Liability (Asset)	\$ 7,106,765	\$ 5,725,920	\$ 5,614,892	\$ 10,884,308	\$ 9,772,601	\$ 4,706,685	\$ 4,817,695	\$ 3,393,629
Covered Employee Payroll	\$ 2,514,292	\$ 2,251,017	\$ 1,743,264	\$ 1,552,675	\$ 1,473,145	\$ 1,335,054	\$ 1,432,893	\$ 1,326,940
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	282.65%	254.37%	322.09%	701.00%	663.38%	352.55%	336.22%	255.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%	64.07%
Total Pension Liability - PERA SCHDTF	\$ 45,792,168,000	\$ 42,111,180,000	\$ 41,184,604,000	\$ 57,699,176,000	\$ 52,354,913,000	\$ 37,447,062,000	\$ 36,473,966,000	\$ 35,494,976,000
Plan Fiduciary Net Position - PERA SCHDTF	<u>30,674,185,000</u>	<u>27,171,397,000</u>	<u>23,477,550,000</u>	<u>25,362,730,000</u>	<u>22,581,046,000</u>	<u>22,152,768,000</u>	<u>22,920,607,000</u>	<u>22,740,003,000</u>
Net Pension Liability - PERA SCHDTF	<u>\$ 15,117,983,000</u>	<u>\$ 14,939,783,000</u>	<u>\$ 17,707,054,000</u>	<u>\$ 32,336,446,000</u>	<u>\$ 29,773,867,000</u>	<u>\$ 15,294,294,000</u>	<u>\$ 13,553,359,000</u>	<u>\$ 12,754,973,000</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

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

See the accompanying Independent Auditor's Report.

WESTGATE COMMUNITY SCHOOL

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
 PERA School Division Trust Fund Pension Plan
 Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 493,516	\$ 433,684	\$ 333,486	\$ 289,263	\$ 286,434	\$ 247,496	\$ 229,980	\$ 220,445	\$ 179,275
Contributions in Relation to the Contractually Required Contribution	<u>493,516</u>	<u>433,684</u>	<u>333,486</u>	<u>289,263</u>	<u>286,434</u>	<u>247,496</u>	<u>229,980</u>	<u>220,445</u>	<u>179,275</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,514,292	\$ 2,251,017	\$ 1,743,264	\$ 1,532,113	\$ 1,558,400	\$ 1,395,917	\$ 1,362,417	\$ 1,379,509	\$ 1,188,828
Contributions as a Percentage of Covered Employee Payroll	19.63%	19.27%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%	15.08%

NOTE: Information for the year was not available to report.

See the accompanying Independent Auditor's Report.

WESTGATE COMMUNITY SCHOOL

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 PERA Health Care Trust Fund Plan
 Last Ten Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net OPEB Liability (Asset)	0.02719%	0.02503%	0.01913%	0.01913%	0.01866%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 258,357	\$ 281,390	\$ 280,430	\$ 248,552	\$ 241,893
Covered Employee Payroll	\$ 2,514,292	\$ 2,251,017	\$ 1,743,264	\$ 1,552,675	\$ 1,473,145
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%
Total OPEB Liability - PERA HCTF	\$ 1,413,526,000	\$ 1,488,508,000	\$ 1,639,734,000	\$ 1,575,822,000	\$ 1,556,762,000
Plan Fiduciary Net Position - PERA HCTF	<u>463,301,000</u>	<u>364,510,000</u>	<u>279,192,000</u>	<u>276,222,000</u>	<u>260,228,000</u>
Net OPEB Liability - PERA HCTF	<u>\$ 950,225,000</u>	<u>\$ 1,123,998,000</u>	<u>\$ 1,360,542,000</u>	<u>\$ 1,299,600,000</u>	<u>\$ 1,296,534,000</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

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

WESTGATE COMMUNITY SCHOOL

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
 PERA Health Care Trust Fund Plan
 Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 25,646	\$ 22,960	\$ 17,781	\$ 15,837	\$ 15,026
Contributions in Relation to the Contractually Required Contribution	<u>25,646</u>	<u>22,960</u>	<u>17,781</u>	<u>15,837</u>	<u>15,026</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,514,292	\$ 2,251,017	\$ 1,743,264	\$ 1,552,675	\$ 1,473,145
Contributions as a Percentage of Covered Employee Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

See the accompanying Independent Auditor's Report.

WESTGATE COMMUNITY SCHOOL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

NOTE 1: BUDGETARY INFORMATION

Budgets and Budgetary Accounting

A budget is legally adopted for the General Fund of the School on a basis consistent with generally accepted accounting principles (GAAP).

The School follows these procedures in establishing the budgetary data reflected in the financial statements:

- In April, School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1st. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30th, the budget is adopted by the Board of Directors.
- Expenditures may not exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at year end.

SUPPLEMENTARY INFORMATION

WESTGATE COMMUNITY SCHOOL

CAPITAL IMPROVEMENTS FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2021

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources			
Investment Income	\$ -	\$ 6	\$ 6
EXPENDITURES			
Supporting Services			
School Administration			
Property	120,000	60,939	59,061
Total Supporting Services	<u>120,000</u>	<u>60,939</u>	<u>59,061</u>
TOTAL EXPENDITURES	<u>120,000</u>	<u>60,939</u>	<u>59,061</u>
NET CHANGE IN FUND BALANCE	(120,000)	(60,933)	59,067
FUND BALANCE, Beginning	<u>120,000</u>	<u>60,933</u>	<u>60,933</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>

See the accompanying Independent Auditor's Report.