

**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
**PUEBLO, COLORADO**  
**BASIC FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**AND CERTAIN SUPPLEMENTAL INFORMATION**  
**PRESENTED FOR PURPOSES OF A SINGLE AUDIT**

June 30, 2021

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4 - 13
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	14
Statement of Activities	15
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	16
Reconciliation of Balance Sheet to Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
<b>Component Unit Combining Statements</b>	
Combining Statement of Net Position - Component Units	20
Statement of Activities - Component Units	21
<b>Notes to Financial Statements</b>	22 - 50
<b>OTHER REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund	51
Budgetary Comparison Schedule - Designated Grants Fund	52
Schedule of District's Proportionate Share - School Division Trust Fund	53
Schedule of District's Contributions - School Division Trust Fund	54
Schedule of District's Proportionate Share - Health Care Trust Fund	55
Schedule of District's Contributions - Health Care Trust Fund	56
<b>COMBINING FUND STATEMENTS- NONMAJOR FUNDS</b>	
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds	58
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)	
Pupil Athletic Fund	59
Pupil Activity Fund	60
Debt Service Fund	61
Capital Projects Fund	62
Food Service Fund	63
Education Foundation	64
Combining Statement of Component Units	
Balance Sheet	65
Reconciliation of Balance Sheet to the Statement of Net Position	66
Statement of Revenues, Expenditures and Changes in Fund Balances	67
Reconciliation of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	68

Table of Contents (Continued)

	<u>PAGE</u>
Combining Statement of Component Units	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)	
Villa Bella Expeditionary	69
Connect School	70
Swallows Charter Academy	71
<b>COMPLIANCE SECTION</b>	
Schedule of Expenditures of Federal Awards	72
Notes to the Schedule of Expenditures of Federal Awards	73
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74 - 75
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	76 - 77
Schedule of Findings and Questioned Costs	78 - 81
Schedule of Fiscal Year Spending Computations Pursuant to Article X, Section 20	82
Reconciliation of Auditor's Electronic Financial Data Integrity Check Figures to Governmental Fund Financial Statements	83 - 85
Colorado School District Auditor's Electronic Financial Data Integrity Check Figures	86

# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA  
MEL J. ROSS, CPA  
SAM J. DeNARDO, CPA

SUITE 200  
3673 PARKER BOULEVARD  
PUEBLO, COLORADO 81008  
719 / 544-9872  
FAX 719 / 253-5417  
www.grdcpa.com

## Independent Auditor's Report

February 15, 2022

Board of Education  
Pueblo County School District No. 70  
Pueblo, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo County School District No. 70 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Swallows Charter Academy, a component unit of the District, which represents 74%, 73% and 58%, respectively, of the assets, fund balances, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swallows Charter Academy in the aggregate discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo County School District No. 70, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparisons for nonmajor funds, the combining component unit financial statements and schedules, the Colorado Department of Education Auditor's Electronic Financial Data Check Figures Report, Schedule of Computations of Fiscal Year Spending Under Section 20 of Article X of the State Constitution as required by the State of Colorado, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparisons schedules for nonmajor funds, the combining component unit financial statements and schedules, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures, the Schedule of Computations of Fiscal Year Spending, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules, the combining component unit financial statements and schedules, the Colorado Department of Education Auditor's Electronic Data Check Figures, the Schedule of Computations of Fiscal Year Spending, and the schedule of expenditures of federal awards are fairly stated in all material respects in the relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated, February 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Harrin, Ross & DeNardo, Inc.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Pueblo County School District No. 70**  
**Pueblo County, Colorado**  
**June 30, 2021**

As management of the Pueblo County School District No. 70, Pueblo County, Colorado (the District), we offer readers of the District's financial statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements, which immediately follow this section.

**Financial Highlights**

- Since July 1, 2014, the District has been required to apply the Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68). The GASB pronouncement is discussed in more detail under Accounting Pronouncements on page 6.
- GASB 68 revises and establishes financial reporting requirements for governments that provide their employees with pension benefits. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).
- Among other requirements, the District is now required to report its proportionate share of the total PERA Net Pension Liability (NPL) in its government-wide financial statements. The District's share of the PERA NPL is \$132.3 million as of June 30, 2021. Inclusion of this figure in the government-wide financial statements does not indicate that the District has a liability to pay the amount shown. The District's liability is limited to the annually required contributions established by the State Legislature.
- Fund level statements, including the General Fund statements, are not impacted by GASB 68 reporting.
- Due to the effect of GASB 68, the District has a negative net position. The governmental liabilities and deferred inflows of resources exceed its assets and deferred outflows of resources by \$107.1 million.
- The net position of the District includes \$44.12 million invested in capital assets, net of related debt; \$13.80 million restricted for debt service payments; \$2.37 million restricted for emergencies, as defined under the Taxpayer Bill of Rights; \$0.07 million restricted for Grants; and an unrestricted net position balance of negative (\$243.03) million. The unrestricted balance is negative due to the effects of GASB 68. The unrestricted balance is also different than what would be reflected on a governmental fund accounting basis due to the accounting treatment in the government-wide statements of accrued salaries and benefits earned but unpaid and compensated absences payable.
- In prior years, the District reported its Food Service operations as a business-type activity separate from governmental activities. Due to a change in State regulations, the Food Services Fund is now reported as a governmental fund and its operations are included in governmental activities.

- The total net position of the District increased by \$34,980,432 for the year ended June 30, 2021, primarily due to the accounting treatment of the Net Pension Liability.
- Fund balance of the District's governmental funds increased by \$77,618,609 resulting in an ending fund balance of \$107,465,603. This increase was due primarily to the issuance of new General Obligation Bonds by the District in 2020-21.
- During the current fiscal year, the fund balance in the District's General Fund (including the Capital Reserve) increased by \$2,711,250 from \$12,145,257 to \$14,856,507. This was primarily due to continuing expense controls implemented by the District.
- The District's long-term obligations increased by \$68,245,000 to \$132,690,000. Current year principal payments on existing General Obligation debt totaled \$4,960,000.

### **Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements, and supplementary information. The MD&A provides an analysis of the District's overall financial position and results of the previous year's operations to assist the users of financial statements to assess whether the government's finances have improved or deteriorated. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services, such as instruction, were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationship in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

### **Government-wide Financial Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two Government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Implementation of GASB 68, however, has a significant impact on the Net Position and should be taken into consideration in evaluating the District's financial health.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as instruction, transportation, custodial and maintenance, other support services, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities.
- *Component Units:* The District has three separate charter schools, Swallows Charter Academy, Villa Bella Expeditionary and Connect School. These component units are important because the District is financially accountable for them.

### **Accounting Pronouncements**

PERA adopted GASB No. 67, *Financial Reporting for Pension Plans* (GASB 67), effective for the year ending December 31, 2014. GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability. GASB 67 requires a different approach for determining the Net Pension Liability ("NPL") as opposed to the previously disclosed Unfunded Accrued Actuarial Liability ("UAAL").

Actuarially Determined Contributions ("ADC") have replaced Annual Required Contributions ("ARC") as the gauge of the adequacy of the State's statutory contribution rates. GASB 67 requires the disclosure of the amount of contributions, the ADC amount and the difference between those amounts. The ADC is calculated using the investment rate of return and discount rate assumptions according to the PERA Board's Funding Policy (currently 7.25%). An ADC deficiency arises when contributions are less than the ADC.

The District has no legal obligation to fund PERA's UAAL or ADC, nor does it have any ability to affect funding, benefits or annual required contribution decisions made by PERA in administering the defined benefit pension plan.

Effective with Fiscal Year 2014-2015, the District was required to apply GASB 68. GASB 68 significantly changed pension accounting and financial reporting by requiring an NPL on the Statement of Net Position. Historically, an unfunded pension obligation for employers in a cost-sharing plan, such as PERA, was considered to be a liability to be reported in future periods. Information about the total liability, unfunded and funded, was disclosed only in the notes to the financial statements and as required supplemental information. Financial statements now reflect an NPL based on a model similar to single employer plans.

The current period pension expense primarily results from changes in the components of the NPL. NPL is computed as the difference between the employer's obligation to provide pension benefits earned and funding of those benefits (the plan assets being held in trust); pension amounts earned by current and former employees for past services are recorded as a liability in current statements, not in future statements. Most causes of change in the NPL are included in pension expense immediately. Changes resulting from certain causes are introduced into pension expense over multiple periods. See Note G on pages 30-37 in the Notes to Basic Financial Statements for the full disclosure related to PERA.

### **Fund Financial Statements**

The Fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds, as described below.

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. Governmental fund types used by the District include the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. An *enterprise fund* (one type of proprietary fund) statement is the same as a business-type activity statement but provides more detail and additional information such as cash flows. The Food Service Fund is no longer treated as a proprietary fund. *Internal service funds* (the other kind of proprietary funds) are used by Districts to report activities that provide supplies and services for its other programs and activities.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 22-50 of this report.

### **District-wide Financial Analysis**

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories, accrued revenue, and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives approximately 60.7% of the annual property tax assessment in April, May and June.

Capital assets are used in the operations of the District. These assets are land, improvements, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets, or new resources that become available during Fiscal 2022. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after Fiscal 2022.

The liabilities of the District activities exceed assets by \$107,101,739 and the Unrestricted Net Position is negative (\$243,029,876). This negative net position is due to the implementation of GASB 68, as discussed earlier, which increased Liabilities with the inclusion of the Net Pension Liability of (\$132,326,867). Measures continue to be successfully implemented by the District to eliminate the negative unrestricted balance (net of the Pension Liability) which existed at June 30, 2014 and to maintain a positive unrestricted balance, net of the Pension Liability.

The District has a net investment of \$44,118,022 in land, improvements, building, equipment, and vehicles, net of related debt, which provide the services to the District's 10,320 public school students. Net position of \$13,802,542 accumulated due to voter approved bonded debt mill levy assessments, has been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments. The legally required TABOR reserves have also been restricted in the amount of \$2,370,400.

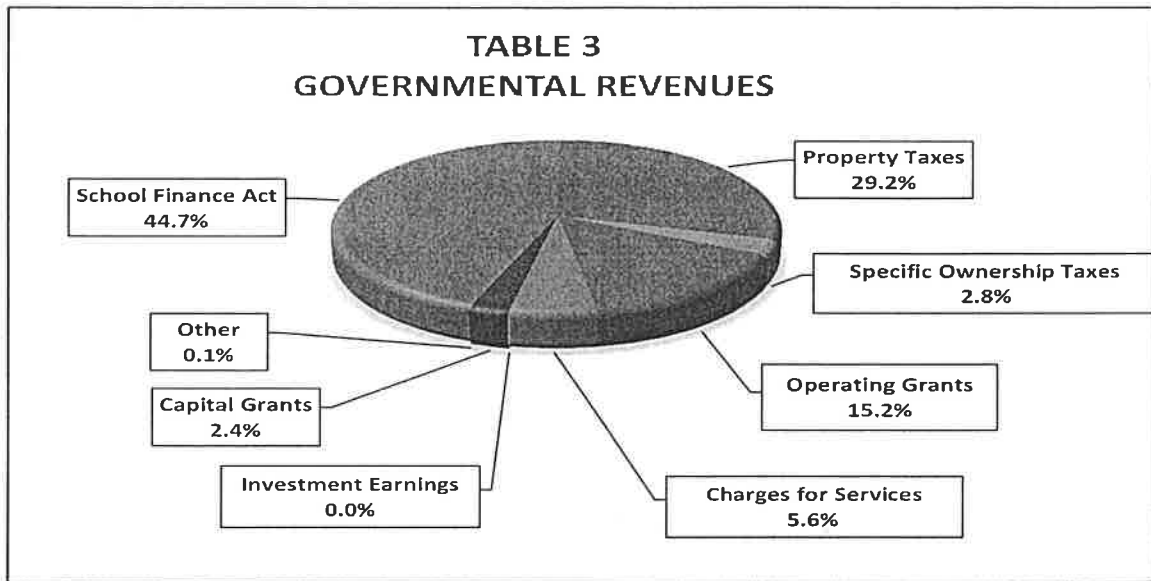
Table 1 provides a condensed summary of the District's net position for 2021 compared to 2020:

	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and Other Assets	122,469,636	47,223,867
Capital Assets	<u>131,637,583</u>	<u>133,865,785</u>
<b>Total Assets</b>	<b>254,107,219</b>	<b>181,089,652</b>
<b>Liabilities</b>		
Current Liabilities	20,924,015	24,739,534
Non-Current Liabilities	<u>302,317,625</u>	<u>216,475,686</u>
<b>Total Liabilities</b>	<b>323,241,640</b>	<b>241,215,220</b>
<b>Deferred Inflow/Outflow of Resources</b>		
Deferred Outflow	56,423,700	28,217,692
Deferred Inflow	94,391,018	110,174,295
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	44,118,022	40,136,296
Restricted	91,810,115	17,953,516
Unrestricted	<u>(243,029,876)</u>	<u>(200,171,983)</u>
<b>Total Net Position</b>	<b>(107,101,739)</b>	<b>(142,082,171)</b>
See PERA Discussion on page 6 for explanation of "Unrestricted" Change		

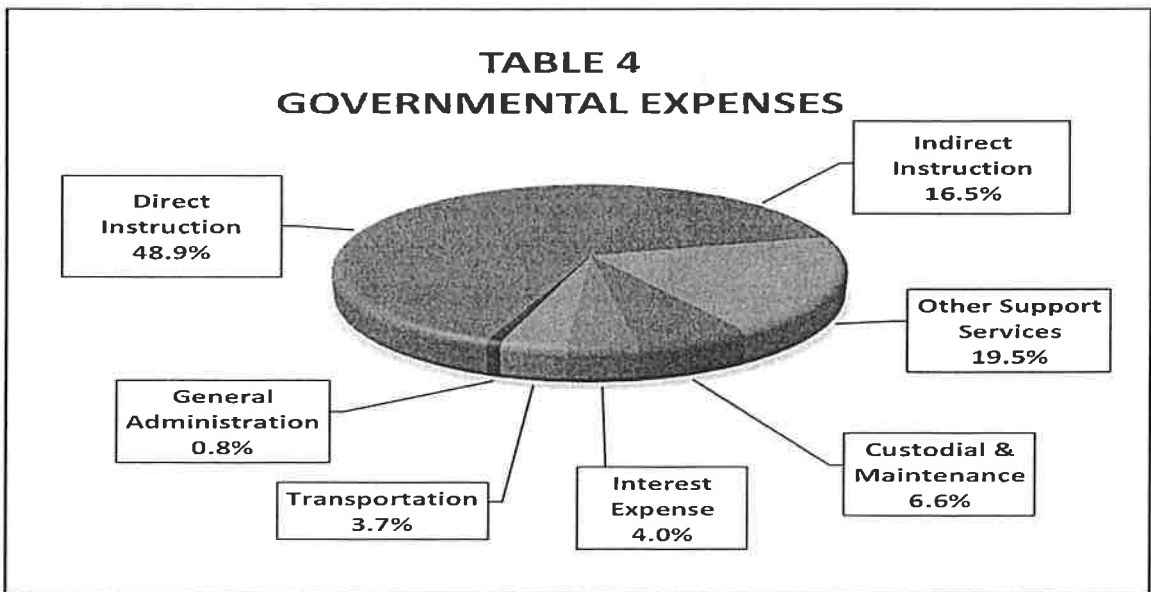
Table 2 shows the changes in net position for fiscal year 2021 compared to 2020:

	Governmental Activities	
	2021	2020
<b>Revenues</b>		
Program Revenues:		
Charges for Services	5,830,316	5,322,583
Operating Grants & Contributions	15,898,422	14,516,910
Capital Grants and Contributions	2,515,999	118,191
General Revenues:		
Taxes:		
Local Property Taxes	30,480,685	30,514,924
Specific Ownership Taxes	2,942,573	2,757,433
School Finance Act	46,676,609	51,160,431
Earnings on Investments	30,400	152,831
Other	<u>83,313</u>	<u>(13,242)</u>
<b>Total Revenues</b>	<b>104,458,317</b>	<b>104,530,061</b>
<b>Expenses</b>		
Governmental Activities:		
Direct Instruction	33,952,831	40,775,077
Indirect Instruction	11,449,373	14,151,132
Transportation	2,578,562	3,080,629
Custodial and Maintenance	4,575,322	5,238,088
Other Support Services	13,578,143	13,066,092
General Administration	571,418	645,907
Interest Expense-Unallocated	<u>2,772,236</u>	<u>3,334,758</u>
<b>Total Expenses</b>	<b>69,477,885</b>	<b>80,291,683</b>
<b>Change in Net Position</b>	<b>34,980,432</b>	<b>24,238,378</b>
Net Position - July 1	(142,082,171)	(166,320,549)
Net Position - June 30	(107,101,739)	(142,082,171)

As shown in **Table 3** below, State equalization and taxes (Property Taxes and Specific Ownership Taxes) accounted for most of the District's total revenue. As shown in the graph below, State Equalization (School Finance Act) contributed 44.7% of total revenues, while Property Taxes and Specific Ownership Taxes contributed 32.0% of every dollar raised. Another 17.6% came from state and federal grants for specific programs and the remaining 5.7% from fees charged for services, investment earnings and miscellaneous sources. As a percentage of total revenue, the State Equalization component and property taxes changed slightly from the prior year. These amounts are determined annually by the state in accordance with the School Finance Act.



As shown in **Table 4** below, a total of 65.4% of the District's expenses are related to instructing and caring for (pupil services) students. This is a decrease from 68.4% in the prior year. Transportation accounts for 3.7% of District expenses, which is higher than many other districts. The District's administrative expenses accounted for only 0.8% of total costs.



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$7,579 per funded student in FY 2020-21. This is down \$476 from \$8,055 per funded student in FY 2019-20. In Fiscal Year 2020-21 the funded pupil count was 10,165. This is a decrease of 116 from the prior year. For the 2020-21 fiscal year the District continued to be one of the lowest funded districts in the state. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The District receives approximately 68.0% of SFA funding from state equalization while the remaining amounts come from property taxes and specific ownership taxes. The District's assessed valuation generated \$31,106,685 in total property taxes (for both operations and bond redemption payments) in fiscal year 2020-21. Due to a projected increase in the District's assessed valuation for collection in fiscal year 2021-22, this is expected to again increase in the 2021-22 fiscal year.

The District sets the bond mill rate annually in an amount sufficient to make the annual debt service payment. As a result of significant enrollment growth, the District has requested and received voter approval for bond issues in 1994, 1995, 1999, 2002, 2012, and 2020. Accordingly, the bond redemption mill levy increased from 12.925 mills in fiscal year 1996 to 21.964 mills in fiscal year 2005. Subsequently, however, due primarily to growth and the corresponding increase in assessed valuation, the District has experienced a decrease in the bond redemption mill levy. For fiscal year 2021-22, the bond redemption mill levy is 12.963 mills.

### **Financial Analysis of the District's Funds**

Detailed information about the District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. For FY 2020-21, all government funds had total revenues, including other financing sources, of \$214,765,564 and expenditures of \$137,146,955. The Debt Service Fund experienced a decrease in fund balance, decreasing by (\$1,522,337). The General Fund change in fund balance, after considering Capital Leases and Transfers, was an increase of \$2,711,250.

### **General Fund Budgetary Highlights.**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

The District budgets adequate resources to sustain programs designed to ensure that every child has a high quality educational experience. In recent years, state funding reductions and School Finance rescissions has created significant challenges as the District seeks to align resources with the educational goals of the District.

## Capital Assets and Debt Administration

By the end of Fiscal 2021, the District had invested \$224,883,270 in land, buildings, Construction in Progress, equipment and transportation vehicles. As shown in **Table 5** below, this is a 2.31% increase in Fiscal 2021 compared to 2020. The District has substantially completed plant and equipment improvements resulting from the successful 2012 bond election.

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Land	659,080	659,080	0.00%
Construction in Progress	5,152,667	60,000	8487.78%
Building & Improvements	201,443,980	201,429,173	0.01%
Furniture & Fixtures	14,737,157	14,828,401	-0.62%
Automotive Equipment	2,890,386	2,833,056	2.02%
<b>Total Capital Assets</b>	<b><u>224,883,270</u></b>	<b><u>219,809,710</u></b>	<b><u>2.31%</u></b>

### *Long-term Debt.*

At June 30, 2021, the District had total bonded debt outstanding of \$132,690,000 backed by the full faith and credit of the District. Additionally, the District has long-term debt obligations for Capital Leases in the amount of \$13,741,021 outstanding at the end of the current fiscal year. This is a decrease of \$11,618,075 from the end of the prior year. Energy efficiencies undertaken by the District in recent years comprise a significant portion of the Capital Lease obligations.

The net total District General Obligation Bonds outstanding increased by \$68,245,000 during the fiscal year as a result of the combination of the new bond issuance, resulting from voter approval in November 2020, and District bond principal payments

One of the District bond ratings did change in the past year. Upon the issuance of the Series 2021 bonds, Moody's Investors Service increased the District's bond rating from "A2" to "A1". The Standard & Poor's Corporation continued to maintain an "A" rating for the District.

State statutes limit the amount of General Obligation debt that the District may issue. At the end of fiscal year 2020-21 the District had \$36.4 million of unused bond capacity. Additional increases in Assessed Valuation, combined with the scheduled payment of principal, is projected to free up more capacity in the ensuing fiscal years, thus providing the needed capacity for future bond issues to be presented to the voters should the need arise. The amount and timing of additional debt issuance in the future, subject to statutory debt limitations and voter approval, will depend on the rate of enrollment growth, capital needs, assessed valuation growth, and the continuing repayment of existing debt.

Additional information on the District's long-term obligations can be found in Notes J, K and L on pages 45-47 of this report.

## **Economic Factors and Next Year's Budget and Rates**

In November, 2000, the voters of Colorado passed a statewide ballot issue to amend the State Constitution, Amendment 23. This amendment required that the state fund public education at a minimum of growth of inflation plus one percent for the next ten years beginning with fiscal year 2001-2002 and thereafter at inflation.

- For calendar year 2019, the inflation rate was 1.9%. Accordingly, in accordance with Amendment 23, the District should have received additional funding of 1.9% for the 2020-21 school year. Because of the State financial crisis in the 2008 - 2012 timeframe, the District has experienced, and continues to experience, a severe shortfall in funding compared with the amounts contemplated under Amendment 23. Thus, because of adjustments, the actual change was a decrease for the 2020-21 school year of -6.96%. Adjustments continue to be made to the funding formula. Nevertheless, the District continues to receive per pupil revenue well below the Amendment 23 formula amounts, thus causing continued financial strain on the District.

The District is committed to an ongoing review of its programs and services for both effectiveness and efficiency. To accomplish this, the District examines how to best provide essential services on a cost-effective basis and to re-direct resources to the schools.

## **Requests for Information**

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

Pueblo County School District No. 70  
Office of the Director of Business Services  
24951 Highway 50 East  
Pueblo, Colorado 81006

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
June 30, 2021

	<b>Primary Government Governmental Activities</b>	<b>Component Units Charter Schools</b>
<b><u>Assets</u></b>		
Cash and equivalents	\$ 15,528,506	\$ 2,755,430
Cash with County Treasurer	823,986	-
Restricted cash and equivalents	78,616,135	5,593,436
Investments	21,449,772	-
Receivables		
Taxes	1,294,600	-
Other	1,018,201	48,066
Due from primary government	-	1,764,470
Accrued federal/state revenue	2,871,497	50,439
Prepaid expenses	734,131	2,500
Assets held by the primary government	-	489,246
Inventories	132,808	-
Capital assets, net of depreciation	131,637,583	14,571,244
<b>Total Assets</b>	<b>254,107,219</b>	<b>25,274,831</b>
<b><u>Deferred Outflow of Resources</u></b>		
Bond discount	4,013,221	-
Related to OPEB	647,272	78,614
Related to pensions	51,763,207	6,949,879
<b>Total Deferred Outflows of Resources</b>	<b>56,423,700</b>	<b>7,028,493</b>
<b><u>Liabilities</u></b>		
Accounts and interest payable	4,095,619	961,071
Retainage payable	-	81,666
Accrued salaries	8,347,650	578,617
Due to component unit	1,741,425	-
Unearned revenue	435,919	2,194
Long- Term Liabilities		
Due within one year	6,303,402	414,190
Due in more than one year	166,023,461	17,471,143
Net OPEB liability	3,967,297	424,403
Net pension liability	132,326,867	12,610,436
<b>Total Liabilities</b>	<b>323,241,640</b>	<b>32,543,720</b>
<b><u>Deferred Inflow of Resources</u></b>		
Related to OPEB	2,746,358	183,123
Related to pensions	91,644,660	6,042,336
<b>Total Deferred Inflows of Resources</b>	<b>94,391,018</b>	<b>6,225,459</b>
<b><u>Net Position</u></b>		
Investment in capital assets, net of related debt	44,118,022	12,578,378
Restricted	91,810,115	284,900
Unrestricted	(243,029,876)	(19,329,133)
<b>Total Net Position</b>	<b>\$ (107,101,739)</b>	<b>\$ (6,465,855)</b>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
For the year ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Program Revenue		Component Unit
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
<b>Governmental Activities</b>					
Direct instruction	\$ 33,952,831	\$ 623,198	\$ 13,530,390	\$ 1,694,856	\$ (18,104,387)
Indirect instruction	11,449,373	-	1,538,077	281,602	(9,629,694)
Transportation	2,578,562	-	-	-	(2,578,562)
Custodial and maintenance	4,575,322	-	282,200	109,114	(4,184,008)
Other support services	13,578,143	4,781,265	471,127	430,029	(7,895,722)
General administration	571,418	425,853	76,628	398	(68,539)
Interest expense, unallocated	2,772,236	-	-	-	(2,772,236)
<b>Total Governmental Activities</b>	<u>69,477,885</u>	<u>5,830,316</u>	<u>15,898,422</u>	<u>2,515,999</u>	<u>(45,233,148)</u>
<b>Component Unit - Charter Schools</b>	<u>\$ 8,571,595</u>	<u>\$ 13,424</u>	<u>\$ 1,203,472</u>	<u>\$ 404,810</u>	<u>\$ (6,949,889)</u>
<b>General Revenues</b>					
Local property taxes				\$ 30,480,685	-
Specific ownership taxes				2,942,573	-
School finance act				46,676,609	9,589,347
Earnings on investments				30,400	13
Gain (loss) on sale of capital assets				(10,593)	-
Other				93,906	99,281
				<u>80,213,580</u>	<u>9,688,641</u>
<b>Changes in Net Position</b>				34,980,432	2,738,752
<b>Net Position - July 1 (Restated-Charter Schools)</b>				<u>(142,082,171)</u>	<u>(9,204,607)</u>
<b>Net Position - June 30</b>				<u>\$ (107,101,739)</u>	<u>\$ (6,465,855)</u>

The accompanying notes to financial statements are an integral part of this statement.

**GOVERNMENTAL FUND**  
**FINANCIAL STATEMENTS**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

<u>Assets</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 12,813,090	\$ -	\$ -	\$ 453,133	\$ 2,262,283	\$ 15,528,506
Restricted cash	-	-	78,616,135	-	-	78,616,135
Cash with County Treasurer	630,576	193,410	-	-	-	823,986
Investments, at fair value	8,022,012	13,375,634	-	52,126	-	21,449,772
Accounts and other receivables	635,438	-	330,036	19,471	4,961	989,906
Other taxes receivable	1,017,102	233,498	-	-	-	1,250,600
Due from other funds	1,409,583	-	-	6,679	81,423	1,497,685
Property taxes receivable	30,000	14,000	-	-	-	44,000
Accrued federal revenue	43,977	-	-	2,080,883	746,637	2,871,497
Accrued state revenue	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Inventories	57,888	-	-	-	74,920	132,808
<b>Total Assets</b>	<u>24,659,666</u>	<u>13,816,542</u>	<u>78,946,171</u>	<u>2,612,292</u>	<u>3,170,224</u>	<u>123,204,895</u>
 <b>Liabilities</b>						
Accounts payable	211,102	-	3,365,060	7,529	88,922	3,672,613
Accrued salaries and benefits	7,537,527	-	-	558,153	251,970	8,347,650
Due to other funds	10,782	-	-	1,409,583	77,320	1,497,685
Due to component unit	1,741,425	-	-	-	-	1,741,425
Unearned revenue	272,323	-	-	59,264	104,332	435,919
<b>Total Liabilities</b>	<u>9,773,159</u>	<u>-</u>	<u>3,365,060</u>	<u>2,034,529</u>	<u>522,544</u>	<u>15,695,292</u>
 <b>Deferred Inflow of Resources -</b>						
Property taxes	30,000	14,000	-	-	-	44,000
 <b>Fund Balance</b>						
Nonspendable	57,888	-	-	-	74,920	132,808
Restricted	2,320,700	13,802,542	75,581,111	70,121	45,800	91,820,274
Assigned	1,272,149	-	-	507,642	2,526,960	4,306,751
Unassigned	11,205,770	-	-	-	-	11,205,770
<b>Total Fund Balances</b>	<u>\$ 14,856,507</u>	<u>\$ 13,802,542</u>	<u>\$ 75,581,111</u>	<u>\$ 577,763</u>	<u>\$ 2,647,680</u>	<u>\$ 107,465,603</u>

The accompanying notes to financial statements are an integral part of this statement.

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
June 30, 2021

<b>Total Fund Balances - Governmental Fund</b>	<b>\$ 107,465,603</b>
Property tax receivable-revenues that are not available to pay current expenditures are not on the governmental fund financial statements, but recognized on the government-wide financial statements.	44,000
Revenue receivable that does not provide current financial resources is not recorded in the governmental fund statements.	28,295
Expenditures for services which benefit future periods are treated as prepaid expenses and included in current assets in the government-wide financial statements.	734,131
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	131,637,583
Deferred outflows from refunding debt are not considered current financial resources and not reported in the governmental funds.	4,013,221
Deferred amount on refunding is not due and payable in the current period and not included in the fund financial statements.	(19,704,675)
Long-term liabilities for general obligation debt (\$132,690,000), quality zone academy bond debt (\$377,341), capital leases (\$13,363,680), and compensated absences (6,191,167) are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(152,622,188)
Interest payable on general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.	(423,006)
Deferred outflows related to pension (\$51,763,207) and OPEB (\$647,272) assumptions are not recorded and included in the governmental funds.	52,410,479
Deferred inflows related to pension (\$91,644,660) and OPEB (\$2,746,358) contributions, subsequent to plan measurement date, are not included in the long term liability.	(94,391,018)
Net pension (\$132,326,867) and OPEB (\$3,967,297) liabilities for the District are a long term liability not due and payable in the current period and therefore not reported in governmental funds.	<u>(136,294,164)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u>\$ (107,101,739)</u></b>

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Designated Purpose Grants Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Local property tax	\$ 21,092,081	\$ 10,014,604	\$ -	\$ -	\$ -	\$ 31,106,685
Specific ownership tax	2,942,573	-	-	-	-	2,942,573
State sources	60,829,254	-	330,036	122,044	31,738	61,313,072
Federal sources	1,361,502	-	-	10,586,730	4,439,342	16,387,574
Other sources	1,061,864	895	19,473	307,201	1,294,437	2,683,870
Fund allocations	(9,324,932)	-	-	-	-	(9,324,932)
<b>Total Revenues</b>	<u>77,962,342</u>	<u>10,015,499</u>	<u>349,509</u>	<u>11,015,975</u>	<u>5,765,517</u>	<u>105,108,842</u>
<b>Expenditures</b>						
Direct instruction	40,946,184	-	-	8,116,789	2,038,294	51,101,267
Indirect instruction	15,389,588	-	-	1,881,982	-	17,271,570
Transportation	2,478,317	-	-	-	91,830	2,570,147
Custodial and maintenance	5,375,841	-	608	377,296	17,394	5,771,139
Other support services	4,917,865	-	548,450	488,718	3,922,622	9,877,655
General administration	830,531	-	-	63,044	-	893,575
Capital outlay	6,416,394	-	5,002,101	54,069	3,732	11,476,296
Debt service:						
Principal retirement	16,457,135	8,960,000	8,644,387	-	-	34,061,522
Interest and fiscal charges	1,127,076	2,577,837	76,637	-	-	3,781,550
Debt issuance costs	-	342,234	-	-	-	342,234
<b>Total Expenditures</b>	<u>93,938,931</u>	<u>11,880,071</u>	<u>14,272,183</u>	<u>10,981,898</u>	<u>6,073,872</u>	<u>137,146,955</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(15,976,589)</u>	<u>(1,864,572)</u>	<u>(13,922,674)</u>	<u>34,077</u>	<u>(308,355)</u>	<u>(32,038,113)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers to other funds	(1,122,863)	-	-	-	-	(1,122,863)
Transfers from other funds	-	-	-	-	1,122,863	1,122,863
Proceeds from capital lease	13,430,702	-	-	-	-	13,430,702
Bond proceeds	6,380,000	-	73,045,000	-	-	79,425,000
Premium on issuance	-	-	16,458,785	-	-	16,458,785
Refunding bond proceeds	-	53,135,000	-	-	-	53,135,000
Payment to refund debt escrow	-	(52,792,765)	-	-	-	(52,792,765)
<b>Total Other Financing Sources (Uses)</b>	<u>18,687,839</u>	<u>342,235</u>	<u>89,503,785</u>	<u>-</u>	<u>1,122,863</u>	<u>109,656,722</u>
<b>Net Change in Fund Balances</b>	2,711,250	(1,522,337)	75,581,111	34,077	814,508	77,618,609
<b>Fund Balances - July 1</b>	<u>12,145,257</u>	<u>15,324,879</u>	<u>-</u>	<u>543,686</u>	<u>1,833,172</u>	<u>29,846,994</u>
<b>Fund Balances - June 30</b>	<u>\$ 14,856,507</u>	<u>\$ 13,802,542</u>	<u>\$ 75,581,111</u>	<u>\$ 577,763</u>	<u>\$ 2,647,680</u>	<u>\$ 107,465,603</u>

The accompanying notes to financial statements are an integral part of this statement.

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

<b>Total Change in Fund Balances - Governmental Funds</b>	<b>\$ 77,618,609</b>
Change in receivables - revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	(2,223)
Discount on issuance of certificates of participation to be amortized over the repayment period.	(59,783)
Expenditures for services which benefit a future period are reported as prepaid expenses and included in current assets in the government wide statement of net position. In the governmental fund financial statements they are treated as expenditures when paid.	303,354
Change in property tax receivable - revenues that do not provide current financial resources are not included in the governmental fund financial statements but recognized on the government-wide financial statements.	(626,000)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$7,458,605) exceeds capital outlay (\$5,252,705) in the period.	(2,205,900)
In the government-wide statements, basis in capital assets that have been sold reduces income. In governmental funds the basis is not recognized	(22,302)
In the government-wide statements the amortization of the deferred refunding amount reduces interest expense. In governmental funds the amortization is not recognized.	4,028,380
Principal retirements - retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities.	32,785,777
Some capital assets acquired this year were financed with bond proceeds. These amounts are reported in the governmental funds as a source of financing. On the other hand, these financing sources are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.	(77,205,000)
Some capital assets acquired this year were financed with capital leases. These amounts are reported in the governmental funds as a source of financing. On the other hand, these financing sources are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.	(12,207,702)
Premiums on general obligation debt are amortized on the government-wide statements, but are recognized in full in the governmental funds.	(15,779,282)
Net pension (\$27,461,405) and OPEB (\$307,415) related items are reported in the statement of activities and do not require the use of current financial resources, and therefore, are not reported in the governmental funds.	27,768,820
In the government-wide statements accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absences is recognized.	126,495
Interest payable on general obligation debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized.	<u>457,189</u>
<b>Total Change in Net Position - Governmental Activities</b>	<b><u>\$ 34,980,432</u></b>

The accompanying notes to financial statements are an integral part of this statement.

**COMPONENT UNIT  
COMBINING STATEMENTS**

**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

	Villa Bella Expeditionary School	Connect Charter School	Swallows Charter Academy	Total
<b>Assets</b>				
Cash and equivalents	\$ 532,229	\$ 98,321	\$ 2,124,880	\$ 2,755,430
Restricted investments	-	-	5,593,436	5,593,436
Accounts receivable	342	8,690	39,034	48,066
Due from primary government	183	1,633,762	130,525	1,764,470
Accrued federal/state revenue	50,439	-	-	50,439
Prepaid expenses	-	-	2,500	2,500
Assets held by the primary government	179,577	309,669	-	489,246
Capital assets, net of depreciation	6,308,311	2,157,873	6,105,060	14,571,244
<b>Total Assets</b>	<u>7,071,081</u>	<u>4,208,315</u>	<u>13,995,435</u>	<u>25,274,831</u>
<b>Deferred Outflow of Resources</b>				
Related to OPEB	6,258	11,998	60,358	78,614
Related to pensions	2,997,089	990,021	2,962,769	6,949,879
<b>Total Deferred Outflows of Resources</b>	<u>3,003,347</u>	<u>1,002,019</u>	<u>3,023,127</u>	<u>7,028,493</u>
<b>Liabilities</b>				
Accounts and interest payable	4,036	16,442	940,593	961,071
Retainage payable	-	-	81,666	81,666
Accrued salaries	148,682	179,135	250,800	578,617
Unearned revenue	1,390	-	804	2,194
<b>Long-Term Liabilities</b>				
Due within one year	239,776	62,538	111,876	414,190
Due in more than one year	6,118,815	1,240,324	10,112,004	17,471,143
Net OPEB liability	57,241	97,812	269,350	424,403
Net pension liability	2,273,292	2,926,518	7,410,626	12,610,436
<b>Total Liabilities</b>	<u>8,843,232</u>	<u>4,522,769</u>	<u>19,177,719</u>	<u>32,543,720</u>
<b>Deferred Inflow of Resources</b>				
Related to OPEB	33,373	63,012	86,738	183,123
Related to pensions	882,617	2,106,867	3,052,852	6,042,336
<b>Total Deferred Inflows of Resources</b>	<u>915,990</u>	<u>2,169,879</u>	<u>3,139,590</u>	<u>6,225,459</u>
<b>Net Position</b>				
Investment in capital assets, net of related debt	6,671	985,087	11,586,620	12,578,378
Restricted	51,800	68,100	165,000	284,900
Unrestricted	256,735	(2,535,501)	(17,050,367)	(19,329,133)
<b>Total Net Position</b>	<u>\$ 315,206</u>	<u>\$ (1,482,314)</u>	<u>\$ (5,298,747)</u>	<u>\$ (6,465,855)</u>

The accompanying notes to financial statements are an integral part of this statement.

**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

	Villa Bella Expeditionary School	Connect Charter School	Swallows Charter Academy	Total
<b>Expenses</b>				
Direct instructional	\$ 1,351,796	\$ 872,774	\$ 2,129,488	\$ 4,354,058
Indirect instructional	454,030	220,463	-	674,493
Transportation	826	-	-	826
Custodial and maintenance	298,369	33,953	-	332,322
Other support services	191,303	117,001	2,385,178	2,693,482
General administration	31,316	33,437	-	64,753
Interest expense - unallocated	62,662	51,263	337,736	451,661
<b>Total Expenses</b>	<u>2,390,302</u>	<u>1,328,891</u>	<u>4,852,402</u>	<u>8,571,595</u>
<b>Program Revenues</b>				
Charges for services	39	-	13,385	13,424
Operating grants and contributions	526,600	220,565	456,307	1,203,472
Capital grants and contributions	185,755	-	219,055	404,810
<b>Total Program Revenues</b>	<u>712,394</u>	<u>220,565</u>	<u>688,747</u>	<u>1,621,706</u>
<b>Net (Expense) Program Revenue</b>	<u>(1,677,908)</u>	<u>(1,108,326)</u>	<u>(4,163,655)</u>	<u>(6,949,889)</u>
<b>General Revenues</b>				
School finance act	1,936,385	2,067,534	5,585,428	9,589,347
Interest income	-	12	1	13
Other income	-	-	99,281	99,281
<b>Total General Revenues</b>	<u>1,936,385</u>	<u>2,067,546</u>	<u>5,684,710</u>	<u>9,688,641</u>
<b>Changes in Net Position</b>	258,477	959,220	1,521,055	2,738,752
<b>Net Position - July 1 (Restated)</b>	<u>56,729</u>	<u>(2,441,534)</u>	<u>(6,819,802)</u>	<u>(9,204,607)</u>
<b>Net Position - June 30</b>	<u>\$ 315,206</u>	<u>\$ (1,482,314)</u>	<u>\$ (5,298,747)</u>	<u>\$ (6,465,855)</u>

The accompanying notes to financial statements are an integral part of this statement.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Pueblo County School District No. 70, (the School District) conform to generally accepted accounting principles, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The following is a summary of the District's significant accounting policies:

**Reporting Entity**

Pueblo County School District No. 70 is an independent school district governed by an elected five member board of education. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Pueblo County School District No. 70 (the primary government) and its component units.

A component unit is a legally separate organization for which elected officials of the primary government are considered to be financially accountable. The component units discussed below are included in the School District's reporting entity.

**Discretely Presented Component Units - Charter Schools** The State of Colorado Legislature in 1993 enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.5-101." This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter schools are financed from state school finance act revenues, property taxes and from revenues generated by the charter school, within the limits established by the Charter School Act. Charter Schools generally have separate governing boards; however, the Pueblo County School District's Board of Education must approve all Charter School applications and budgets. The Charter Schools do not meet the definition of a component unit but are discretely presented component units as required by the Colorado Department of Education. All discretely presented component units are reported in aggregate in a separate column titled "Component Units" in the government-wide financial statements.

The School District has three charters schools - Connect School, Villa Bella Expeditionary and the Swallows Charter Academy. Financial statements for the charter schools may be obtained on the respective charter schools financial transparency web page.

**Blended Component Unit - The School District 70 Education Foundation** The Foundation is a 501(c)(3) non-profit entity organized to operate for educational and charitable purposes exclusively for the benefit of the School District, including the support and enrichment of the education of the student. The Foundation is governed by a board approved by the Board of Education of the School District. The Foundation was reported as a special revenue fund within the School District's financial statements. The Foundation issues compiled financial statements. Additional information may be obtained by writing the Foundation, 24951 East U.S. Highway 50, Pueblo, CO 81006 or by calling 1-719-542-0220.

**Government-Wide and Fund Financial Statements**

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from activities of the fiscal year.

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School District and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major governmental funds (General Fund, Debt Service Fund, Designated Grants Fund and Capital Projects Fund) are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentations**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the School District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, as are fiduciary fund statements. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property and specific ownership taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain sick and retirement pay which are accounted for as expenditures when expected to be liquidated with expendable financial resources.

The proprietary fund type is accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has no proprietary funds.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The School District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The individual funds account for governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The following major funds and fund types are used by the School District:

**Governmental Fund Types**

The focus of the governmental fund types' measurement is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the major and nonmajor governmental fund types of the School District:

**General Fund**

The General Fund, a major fund, records financial transactions for the current educational operations of the School District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund.

Activities relating to the Capital Reserve, Preschool and Self Insurance funds have been included in the General Fund.

**Designated-Purpose Grants Fund**

The Designated Grants Fund, a major fund, is used to account for financial resources received from the federal government and other designated-purpose grants for expenditures incurred in carrying out the objectives of these programs.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The Special Revenue Funds consist of the Governmental Designated-Purpose Grants, Pupil Athletic Fund, Pupil Activity Fund, Food Service Fund and the School District 70 Education Foundation.

The Food Service Fund is used to account for the revenue and expenses related to providing breakfast, lunch and snacks to District students. Revenues include federal and state grants and food sales.

The Pupil Athletic Fund accounts for funds used for all student athletics.

The Pupil Activity Fund accounts for funds related to school sponsored organizations and activities.

The School District 70 Education Foundation is organized to operate exclusively for educational and charitable purposes exclusively for the benefit of the School District.

**Debt Service Fund**

The Debt Service Fund, a major fund, is used to account for the accumulation of resources and payments of interest and principal on long-term debt.

**Capital Projects Fund**

The Capital Projects Fund is used to account for bond proceeds expended for the purpose of improving, equipping, and furnishing District buildings and other property.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Data**

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

- a. Formal budgetary accounting is employed by the School District as a management control for all funds. Annual operating budgets are adopted each fiscal year through the passage of an annual appropriation resolution for the general fund, special revenue funds, debt service fund and the proprietary funds. For each legally adopted budget, budgetary control exists at the total fund level.
- b. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- c. All unencumbered budget appropriations lapse at the end of each fiscal year.

**Inventories**

Purchased inventories of the General Fund and Food Service Fund are stated at cost using the first-in, first-out method of determining inventories on hand. Commodity inventories in the Food Service Fund are stated at their fair market value on the date received. Perpetual inventory records are maintained for instructional supplies, plumbing and electrical supplies, and food service inventories. Physical counts were made of all inventories as of June 30, 2021. Inventories were adjusted to reflect the amounts determined by physical count.

**Investments**

The School District's policy is to state investments in their financial statements at fair value. All investment income, including changes in the fair value of investments are reported as investment income on the School District's financial statements.

**Capital Assets**

All capital assets are capitalized at cost or estimated historical cost. Donated assets are recorded at fair market value at the time of donation. The costs of normal maintenance, repairs and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. The proceeds from the sale of assets used in the operations of the governmental fund types are recorded as revenues in the appropriate fund. The School District does not capitalize interest on the construction of capital assets. The School District maintains a capitalization threshold of \$5,000.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Depreciation is recorded starting in the month the asset is placed in service. Estimated useful lives are as follows:

	<b><u>ESTIMATED USEFUL LIFE</u></b>
Buildings and improvements	20 to 50 years
Furniture and fixtures	5 to 20 years
Automotive equipment	5 to 10 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and or the balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has the following items that qualify for reporting under this category, bond discount, and OPEB and pension related items.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position and or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting under this category. Property taxes, deferred amount on refunding, OPEB and pension related items. These items are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Accounts Payable and Encumbrances**

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to June 30, 2021.

Encumbrances represent outstanding purchase orders for goods or services not yet delivered or provided as of June 30, 2021. Encumbrances are not recognized as liabilities or expenditures until the period in which the payable becomes fixed.

Outstanding encumbrances at year-end are recognized as a reservation of fund balance.

There were no outstanding encumbrances at June 30, 2021.

**Property Taxes**

The School District's ad valorem property tax is levied by each December 15 for all real and business personal property located in the District. The assessed value of the roll on January 1, 2021, upon which the levy for the 2021 fiscal year was based, was \$758,815,577.

The tax rates assessed for the year ended June 30, 2021 to finance general fund operations and the payment of principal and interest on general long-term debt were \$27.305 and \$12.963 per \$1,000 valuation, respectively, for a total of \$40.268 per \$1,000 valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are payable in two equal payments due before the last day of February and the 15th day of June or in one full payment before the last day of April.

**Compensated Absences**

The School District affords certain employees annual leave benefits which are vesting, accumulating rights and are carried forward to subsequent years. Payment of unused annual leave, a liability of the School District to the employee, if any, is payable only upon termination of an employee with ten years of continuous service to the District. The benefits are paid at varied rates applied to varied maximum accumulated days, depending on the employee group. The annual leave benefits are recognized at the time of the employee absence (i.e., days off for sick leave) which is in accordance with generally accepted accounting principles for these on-going benefits.

The School District also affords certain employees vacation benefits. These benefits are earned based upon the length of service and accumulation is limited to a maximum of 40 days. Accrued vacation is paid to employees upon termination of employment.

Amounts recognized as expenditures on the fund financial statements are those which have been paid in the current year or are expected to be liquidated with currently available expendable financial resources.

Total accrued vacation and annual leave is included in the government-wide financial statements.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the governmental fund statements during the consolidation of governmental activities.

**NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures in Excess of Budget Amounts**

During the year ended June 30, 2021 the following two funds incurred actual expenditures in excess of budgeted expenditures:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund	\$ 89,498,619	\$ 93,938,931	\$ (4,440,312)
Connect Charter School	\$ 3,314,349	\$ 3,424,149	\$ (109,800)

**Risk Management**

The School District is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The School District carries commercial insurance for such risks, including workers' compensation. The premiums for insurance coverage are paid primarily through the Self Insurance Reserve Fund. Such activities are included in the General Fund. Settled claims resulting from these risks did not exceed commercial insurance coverage during the fiscal year.

**NOTE D - CASH DEPOSITS AND INVESTMENTS**

**Deposits**

Colorado State statutes govern the School District's deposits of cash. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC or FSLIC) on deposits held.

Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to the total uninsured deposits held by that institution. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pool. At June 30, 2021, the District had deposits over \$250,000 in the amount of \$16,042,978. These deposits are required to be collateralized under State Statutes.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for custodial risk parallels Colorado statutes.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE D - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

A summary of cash and deposits held at year end follows:

<u>Cash and Deposits</u>	<u>Carrying Amount</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<b>Deposits</b>			
Cash	\$ 18,429,473	\$ 18,429,473	\$ -
Cash held by County Treasurer	823,986	823,986	-
<b>Investments</b>			
State investment pool (ColoTrust)	12,990,791	12,990,791	-
Certificates of deposit	22,261	22,261	-
Money market	79,125,120	79,125,120	-
U.S. Government Securities	13,375,634	13,375,634	-
<b>Total Deposits</b>	<u>\$ 124,767,265</u>	<u>\$ 124,767,265</u>	<u>\$ -</u>
Governmental Activities	\$ 116,418,399		
Component Unit	8,348,866		
	<u>\$ 124,767,265</u>		

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, banker's acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

The District and component unit has invested funds in the Colorado Government Liquid Asset Trust (ColoTrust) and (ColoTrust-Plus), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust and ColoTrust-Plus operates similarly to a money market fund and each share is equal in value to \$1. Their investments consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust and ColoTrust-Plus in connection with the direct investment and withdrawal functions of ColoTrust and ColoTrust-Plus. Substantially all securities owned by both entities are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust and ColoTrust-Plus.

The District categorizes its fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

- Certificates of deposit are valued using a matrix pricing model (Level 2 inputs).
- U.S. Government Securities are valued on quoted market prices (Level 1 inputs).
- Investments in ColoTrust and ColoTrust-Plus are reported at fair value. However, this investment is not subject to the fair value hierarchy,

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE D - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

Interest rate risk - The District's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

Credit risk - The District does not have a policy that would further limit its choices beyond the requirements of Colorado statutes. As of June 30, 2021, the District's investment in ColoTrust and ColoTrust Plus was rated AAm by Standard and Poor's. The U.S. Government Securities are assigned the highest credit ratings by S&P and Moody.

**NOTE E - CHANGES IN CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the year ended June 30, 2021:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
<b><u>Governmental Activities</u></b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 659,080	\$ -	\$ -	\$ 659,080
Construction in progress	60,000	5,092,667	-	5,152,667
<b>Total Non-Depreciable Assets</b>	<u>719,080</u>	<u>-</u>	<u>-</u>	<u>5,811,747</u>
<b>Depreciable Assets:</b>				
Bldg. and improvements	201,429,173	14,807	-	201,443,980
Furniture and fixtures	14,828,401	61,430	152,674	14,737,157
Automotive equipment	2,833,056	83,800	26,470	2,890,386
<b>Total Depreciable Assets</b>	<u>219,090,630</u>	<u>160,037</u>	<u>179,144</u>	<u>219,071,523</u>
<b>Less Accumulated Depreciation for:</b>				
Bldg. and improvements	72,396,911	6,144,926	-	78,541,837
Furniture and fixtures	11,996,613	1,107,113	152,493	12,951,233
Automotive equipment	1,550,401	206,566	4,350	1,752,617
<b>Total Accumulated Depreciation</b>	<u>85,943,925</u>	<u>7,458,605</u>	<u>156,843</u>	<u>93,245,687</u>
<b>Total Capital Assets, Net</b>	<u>\$ 133,865,785</u>	<u>\$ (7,298,568)</u>	<u>\$ 22,301</u>	<u>\$ 131,637,583</u>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental activities:</b>	
Direct instruction	\$ 1,242,424
Transportation	8,415
Custodial and maintenance	221,531
Other support services	5,986,235
<b>Total Depreciation Expense - Governmental Activities</b>	<u>\$ 7,458,605</u>

**NOTE F - ACCRUED SALARIES AND P.E.R.A.**

Salaries of certain contractually employed personnel are paid over a twelve month period, but are earned during the school year, a period of approximately nine months. The amounts representing accrued salaries are those earned through June 30, 2021, but not yet paid by the School District. Accrued P.E.R.A. represents the School District's 20.9% contribution on the accrued salaries. At June 30, 2021 accrued salaries and P.E.R.A. have been recognized as a liability in each of the affected funds.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE F - ACCRUED SALARIES AND P.E.R.A. (Continued)**

The accrued salaries and P.E.R.A. by fund at June 30, 2021 were as follows:

General Fund	\$ 7,537,527
Governmental Designated-Purpose Grants Fund	558,153
Food Service Enterprise Fund	200,915
Pupil Athletic Fund	51,055
Component Unit - Charter Schools	578,617
<b>Total Accrued Salaries and P.E.R.A.</b>	<b>\$ 8,926,267</b>

**NOTE G - DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

**Pensions**

Pueblo County School District No. 70 (the District) participates in the School Division Trust Fund (SCHDTF), a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**General Information about the Pension Plan**

**Plan Description**

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

**Benefits Provided as of December 31, 2020**

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)**

**Benefits Provided as of December 31, 2020 (Continued)**

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

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

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

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

As of December 31, 2020 benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living-adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413

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

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

**Contributions Provisions as of June 30, 2021**

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

	<b><u>July 1, 2020 Through June 30, 2021</u></b>
Employer Contribution Rate	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 SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total Employer Contribution Rate to the SCHDTF	19.88%

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)**

**Contributions Provisions as of June 30, 2021 (Continued)**

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District, were \$9,416,665 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 District's proportion of the net pension liability was based on the District'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 District reported a liability of \$132,326,867 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net pension liability	\$	132,326,867
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District		-
Total	\$	<u>132,326,867</u>

At December 31, 2020, the District's proportion was .8757122500%, which was an increase of .0838848042% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension income of \$27,461,405. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,200,145	\$ -
Changes of assumptions or other inputs	21,115,635	33,908,524
Net difference between projected and actual earnings on pension plan investments	-	44,905,883
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,607,854	12,830,253
Contributions subsequent to the measurement date	4,839,573	-
	<u>\$ 51,763,207</u>	<u>\$ 91,644,660</u>

\$4,839,573 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ (26,094,680)
2023	(23,687,238)
2024	2,152,799
2025	2,908,093
	<u>\$ (44,721,026)</u>

**Actuarial Assumptions**

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 9.70%
Long-term investment rate of return, net of pension plan investment expenses including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired before January 1, 2007	1.25%
And DPS benefit structure (compounded annually)	
PERA benefit structure hired after December 31, 2006*	Financed by the AIR

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE G -DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019 to December 30, 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 before January 1, 2007	1.25%
And DPS benefit structure (compounded annually)	
PERA benefit structure hired after December 31, 2006*	Financed by the AIR
* Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.	

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE G -DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

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

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

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

Several factors were 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 percentage and then adding expected inflation.

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

<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*	6.00%	4.70%
Total	100.00%	

\*The Opportunity Fund's name changed to Alternative, effective January 1, 2020

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE G -DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE G -DEFINED BENEFIT PENSION PLAN (Continued)**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net pension liability	\$ 180,504,684	\$ 132,326,867	\$ 92,178,870

**Pension Plan Fiduciary Net Position**

Detailed information about the SCHDTF's FNP is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE H - DEFINED CONTRIBUTION PENSION PLAN**

**Voluntary Investment Program**

**Plan Description**

Employees of the District 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 Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://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. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$1,202,807 for the Voluntary Investment Program.

**NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

**OPEB**

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

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**NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**General Information about the OPEB Plan**

**Plan Description**

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

**Benefits Provided**

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

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

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

**PERA Benefit Structure**

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE 1 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**DPS Benefit Structure**

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

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

**Contributions**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$483,149 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 District reported a liability of \$3,967,297 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, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020 the District's, proportion was .506562289 percent, which was a decrease of .010879462 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB income of \$307,416. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 15,959	\$ 1,290,788
Changes of assumptions or other inputs	43,886	357,026
Net difference between projected and actual earnings on OPEB plan investments	-	247,172
Changes in proportion and differences between contributions recognized and proportionate share of contributions	339,119	851,372
Contributions subsequent to the measurement date	248,308	-
<b>Total</b>	<b>\$ 647,272</b>	<b>\$ 2,746,358</b>

\$248,308 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE 1 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

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

Year Ended June 30,			
2022	\$	(396,768)	
2023		(396,767)	
2024		(396,765)	
2025		(436,784)	
2026		(444,838)	
2027		(275,472)	
	<u>\$</u>	<u>(2,347,394)</u>	

**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 increase, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plan	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE 1 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE 1 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

	<u>Trust Fund</u>			
	<u>State</u> <u>Division</u>	<u>School</u> <u>Division</u>	<u>Local</u> <u>Government</u> <u>Division</u>	<u>Judicial</u> <u>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%*	N/A

\*C.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.

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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

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**NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE 1 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

<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*	6.00%	4.70%
Total	100.00%	

\*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 nominal rate of return assumption of 7.25 percent.

**Sensitivity of the District'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 Rates</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 - Primary Government	\$ 3,864,756	\$ 3,967,297	\$ 4,086,668

**NOTES TO FINANCIAL STATEMENTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

**NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

**Discount Rate**

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

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

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

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

<u>Primary Government</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	\$ 4,544,611	\$ 3,967,297	\$ 3,474,028

**OPEB Plan Fiduciary Net Position**

Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE J - CAPITAL LEASES AND OTHER LONG-TERM OBLIGATIONS**

The District has entered into several capital lease agreements for the purchase of equipment and other assets. The lease terms range from 4 to 15 years with interest ranging from 1.734% to 8.866%. The District has also issued Quality Zone Academy Bonds with a final maturity in 2023 and interest at .59% for the purchase of computer and related technology equipment, Other long-term obligations include accrued compensated absences.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE J - CAPITAL LEASES AND OTHER LONG-TERM OBLIGATIONS (Continued)**

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
<b><u>Governmental Activities</u></b>					
Capital Leases:					
Vehicles and equipment	\$ 15,104,000	\$ 12,207,702	\$ 13,948,022	\$ 13,363,680	\$ 1,810,402
Quality Zone Academy Bonds	563,341	-	186,000	377,341	188,000
Build America Bonds	3,341,755	-	3,341,755	0	
Certificates of Participation	6,350,000	-	6,350,000	0	
Compensated absences	6,317,662	-	126,495	6,191,167	-
<b>Total Governmental Activities</b>	<b>\$ 31,676,758</b>	<b>\$ 12,207,702</b>	<b>\$ 23,952,272</b>	<b>\$ 19,932,188</b>	<b>\$ 1,998,402</b>

Capital leases and other long-term obligations have the following minimum annual lease payments:

Fiscal Year Ending	Governmental Funds			
	Capital Leases		Quality Zone Academy	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,810,402	\$ 303,618	\$ 188,000	\$ 2,226
2023	947,748	203,236	189,341	1,117
2024	950,880	182,500	-	-
2025	951,329	162,446	-	-
2026	901,883	143,096	-	-
2027 - 31	4,749,490	473,326	-	-
2032 - 34	3,051,948	79,988	-	-
<b>Total</b>	<b>\$ 13,363,680</b>	<b>\$ 1,548,210</b>	<b>\$ 377,341</b>	<b>\$ 3,343</b>

**NOTE K - GENERAL OBLIGATION BONDS**

General obligation bonds payable and payments on the bonds for the fiscal year ended June 30, 2021 are comprised of the following:

\$59,545,000 2013 Series General Obligation Bonds, due in semi-annual installments with annual payments ranging from \$905,000 to \$5,800,000 through December 1, 2032. Interest rates range from 2.0% to 5%.	\$ 6,510,000
\$73,045,000 Series 2021A General Obligation Bonds, due in semi-annual installments with annual payments ranging from \$2,853,700 to \$8,575,500 through December 2041. Interest rates range from 3.0% to 4.0%.	73,045,000
\$53,135,000 Series 2021B General Obligation Refunding Bonds, due in semi-annual installments with annual payments ranging from \$1,466,000 to \$7,037,000 through December 2032. Interest rates range from .16% to 1.74%.	53,135,000
	<u>\$ 132,690,000</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE K - GENERAL OBLIGATION BONDS**

	<u>July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
<b>General Obligation Bonds</b>					
Building 2021A	\$ -	\$ 73,045,000	\$ -	\$ 73,045,000	\$ -
Refunding 2021B	-	53,135,000	-	53,135,000	1,115,000
Refunding 2010	5,865,000	-	5,865,000	-	-
Refunding 2011	1,100,000	-	1,100,000	-	-
Building 2013	57,480,000	-	50,970,000	6,510,000	3,190,000
Unamortized premiums	3,925,393	16,458,785	679,503	19,704,675	-
<b>Totals</b>	<b>\$ 68,370,393</b>	<b>\$ 142,638,785</b>	<b>\$ 58,614,503</b>	<b>\$ 152,394,675</b>	<b>\$ 4,305,000</b>

Future years repayment schedule:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,305,000	\$ 3,573,304	\$ 7,878,304
2023	5,200,000	3,422,551	8,622,551
2024	6,675,000	3,325,088	10,000,088
2025	6,690,000	3,296,871	9,986,871
2026	6,685,000	3,230,577	9,915,577
2027 - 2031	33,900,000	14,324,507	48,224,507
2032 - 2036	32,105,000	9,979,831	42,084,831
2034 - 2041	30,320,000	4,148,500	34,468,500
2042	6,810,000	102,150	6,912,150
<b>Total</b>	<b>\$ 132,690,000</b>	<b>\$ 45,403,379</b>	<b>\$ 178,093,379</b>

The bonds are secured by the School District's covenant to certify a rate of levy sufficient to meet the principal and interest payments with respect to the bonds. Payment of principal and interest for general obligation bonds is made from the Bond Redemption Fund.

**NOTE L - ADVANCE REFUNDING**

In February 2021, the District advance refunded and defeased (debt legally satisfied) \$48,975,000 of General Obligation Bonds Series 2013 with an average interest rate of approximately 3% by the issuance of \$53,135,000 of General Obligation Refund Bonds Series 2021B dated February 2, 2021 with an average interest rate of 1.27%. The defeased bonds are not considered a liability of the District since sufficient funds (\$52,792,766) were deposited with a trustee and invested in U.S. government securities for the purpose of paying principal and interest of the deposited bonds when due.

The District advance refunded a portion of the series 2013 General Obligation Bonds to reduce its total debt service payments over the next twelve years by \$5,858,174 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,456,439.

The District defeased certain bonds by placing the proceeds of the refunding bond issue in irrevocable escrow accounts to provide for all future debt service payments on the defeased bonds. The assets in these accounts and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021 the defeased bonds outstanding were \$48,975,000.

**NOTE M - INTERFUND RECEIVABLES AND PAYABLES**

A summary of the interfund receivables and payables at June 30, 2021 as reported in the balance sheet for government funds follows:

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE M - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 1,409,583	\$ 10,782
Nonmajor Governmental Funds	81,423	77,320
Major Governmental Funds	6,679	1,409,583
Component Unit	-	1,741,425
<b>Total All Funds</b>	<u>\$ 1,497,685</u>	<u>\$ 3,239,110</u>

The General Fund receivable is a result of financing programs in other funds. The General Fund payable is a result of per pupil funding allocations. Other balances are a result of miscellaneous reimbursements.

**NOTE N - INTERFUND TRANSFERS**

Transfers and allocations are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the fiscal year ending June 30, 2021 consisted of transfers and allocations to nonmajor governmental funds from the general fund in the amount of \$1,122,863.

**NOTE O - FUND BALANCES**

**Government-wide and Proprietary Fund Net Assets:**

Government-wide and proprietary fund net positions are divided into three components:

- Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consist of net position that is restricted by the District’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

**Governmental Fund Balances**

Beginning with fiscal year June 30, 2011 the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definition.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Education, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Education.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Education or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE O - FUND BALANCES (Continued)**

**Governmental Fund Balances (Continued)**

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Inventory	\$ 57,888	\$ -	\$ -	\$ 74,920	\$ 132,808
<b>Restricted</b>					
Tabor reserve	2,320,700	-		49,700	2,370,400
Capital Projects	-	-	75,581,111	-	75,581,111
Grant restriction	-	-		66,221	66,221
Debt service	-	13,802,542	-	-	13,802,542
<b>Total Restricted</b>	<u>2,320,700</u>	<u>13,802,542</u>	<u>75,581,111</u>	<u>115,921</u>	<u>91,820,274</u>
<b>Assigned</b>					
Capital reserve	576,128	-	-	-	576,128
Insurance reserve	696,021	-	-	-	696,021
Food service	-	-	-	1,158,178	1,158,178
Designated Grants	-	-	-	507,642	507,642
Activity Fund	-	-	-	1,302,324	1,302,324
Athletic fund	-	-	-	53,613	53,613
Foundation	-	-	-	12,845	12,845
<b>Total Assigned</b>	<u>1,272,149</u>	<u>-</u>	<u>-</u>	<u>3,034,602</u>	<u>4,306,751</u>
<b>Unassigned</b>					
General Government	11,205,770	-	-	-	11,205,770
<b>Total Fund Balances</b>	<u>\$ 14,856,507</u>	<u>\$ 13,802,542</u>	<u>\$ 75,581,111</u>	<u>\$ 3,225,443</u>	<u>\$ 107,465,603</u>

**NOTE P - JOINT VENTURE**

The School District is a participant with other school districts in a joint venture known as South Central Board of Cooperative Educational Services (Cooperative). The Cooperative is organized under provisions of Colorado law to provide special education services to member school districts in the Cooperative's general area. The member school districts provided approximately 7% of the Cooperative's total annual local resources and each member district appoints a member of its Board of Education to serve on the governing body of the Cooperative. Complete financial statements for the Cooperative can be obtained from their administrative office at 323 South Purcell Boulevard, Pueblo West, Colorado, 81007.

**NOTE Q - COMMITMENTS AND CONTINGENCIES**

**Tax, Revenue, Spending and Debt Limitation**

In November, 1992 Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992, which for the District was the year ended June 30, 1994.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 June 30, 2021

**NOTE Q - COMMITMENTS AND CONTINGENCIES (Continued)**

**Tax, Revenue, Spending and Debt Limitation(Continued)**

On November 4, 1997, the District passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the District, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1997 and thereafter.

The amendment is complex and subject to judicial interpretation. The District has made certain interpretations of the amendment's language in order to determine its compliance. The District believes it is in compliance with the tax raising, revenue, spending, debt and other limitations.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies establish an "emergency reserve". To be used for declared emergencies only, each entity must reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended June 30, 2021, the School District's reserve requirement was approximately \$2,370,400 which represents 3% of fiscal year spending. The District has recognized the emergency reserve in the Insurance Reserve Fund, the Preschool Fund, the Capital Reserve Fund, the Designated Grants Fund, the Food Service Fund, the Athletic Fund and the Activities Fund.

**Federal and State Grants**

Federal and State grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes these adjustments, if any, will not materially affect the District's results of operations or financial position.

**Economic Dependency**

Funding provided by the State to all public school systems in Colorado is primarily based upon the October 1 student count. The State provided \$61,313,072, which represents approximately 58% of the District's total governmental fund revenues for the year.

**Arbitrage Liability**

The School District issued general obligation bonds for the purpose of financing voter approved capital construction projects. An arbitrage liability is the requirement to refund a portion of the investment earnings on bond proceeds temporarily invested until construction payments are made if certain statutory spend down requirements are not met. The potential arbitrage liability is not yet determinable. When such a liability, if any, is determined it would be recorded in the government-wide statement of net assets as long-term debt until it is required to be refunded to the Federal government and becomes a current liability.

**NOTE R - SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As a result, economic uncertainties have arisen which are likely to negatively impact operations or carrying value of assets. Other financial implications may result, and such potential impact is unknown at this time.

**NOTE S - PRIOR PERIOD ADJUSTMENT**

The Student Activities Fund for the Connect Charter School and Villa Bella Expeditionary Charter School were not presented as a portion of the government wide on the June 30, 2020 audited financial statements. The following adjustments were required to restate beginning net position in the government wide financial statements.

**Government Wide - Statement of Activities**

	<u>Connect</u>	<u>Villa Bella</u>
Net Position July 1	\$ (2,498,996)	\$ 19,174
To include Student Activities Fund	<u>57,462</u>	<u>37,555</u>
	<u>\$ (2,441,534)</u>	<u>\$ 56,729</u>

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL (BUDGET BASIS)**

**GENERAL FUND**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	Budgeted Amount		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Local property tax	\$ 20,649,389	\$ 20,218,847	\$ 21,092,081	\$ 873,234
Specific ownership tax	1,989,677	1,865,233	2,942,573	1,077,340
State sources	60,873,508	59,082,652	60,829,254	1,746,602
Federal sources	1,586,000	1,586,000	1,361,502	(224,498)
Other sources	1,089,633	1,181,733	1,061,864	(119,869)
Fund allocations	(8,711,507)	(8,648,059)	(9,324,932)	(676,873)
<b>Total Revenues</b>	<u>77,476,700</u>	<u>75,286,406</u>	<u>77,962,342</u>	<u>2,675,936</u>
<b>Expenditures</b>				
Direct instruction	44,362,324	42,761,160	40,946,185	1,814,975
Indirect instruction	16,150,112	15,475,331	15,389,588	85,743
Transportation	2,677,809	2,677,809	2,478,317	199,492
Custodial and maintenance	5,701,491	5,807,716	5,375,841	431,875
Other support services	4,938,922	5,088,985	4,917,865	171,120
General administration	534,861	546,312	830,531	(284,219)
Capital outlay	866,085	7,094,610	6,416,393	678,217
Debt service:				
Principal retirement	2,776,196	2,851,104	16,457,135	(13,606,031)
Interest and fiscal charges	956,448	988,986	1,127,076	(138,090)
Contingency	6,331,615	6,206,606	-	6,206,606
<b>Total Expenditures</b>	<u>85,295,863</u>	<u>89,498,619</u>	<u>93,938,931</u>	<u>(4,440,312)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(7,819,163)</u>	<u>(14,212,213)</u>	<u>(15,976,589)</u>	<u>(1,764,376)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(1,247,756)	(1,247,756)	(1,122,863)	124,893
Transfers from other funds	-	-	-	-
Bond proceeds	-	6,380,000	6,380,000	-
Proceeds from capital lease	-	-	13,430,702	13,430,702
<b>Total Other Financing Sources (Uses)</b>	<u>(1,247,756)</u>	<u>5,132,244</u>	<u>18,687,839</u>	<u>13,555,595</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(9,066,919)</u>	<u>(9,079,969)</u>	<u>2,711,250</u>	<u>11,791,219</u>
<b>Fund Balances - July 1</b>	<u>9,066,919</u>	<u>9,108,778</u>	<u>12,145,257</u>	<u>3,036,479</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ 28,809</u>	<u>\$ 14,856,507</u>	<u>\$ 14,827,698</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Favorable <u>(Unfavorable)</u>
<b>Revenues</b>				
Federal sources	\$ 9,332,346	\$ 14,120,036	\$ 10,586,730	\$ (3,533,306)
State sources	78,004	200,622	122,044	(78,578)
Other sources	<u>1,473,793</u>	<u>4,268,198</u>	<u>307,201</u>	<u>(3,960,997)</u>
<b>Total Revenues</b>	<u>10,884,143</u>	<u>18,588,856</u>	<u>11,015,975</u>	<u>(7,572,881)</u>
<b>Expenditures</b>				
Direct instruction	9,293,318	16,096,659	8,116,789	7,979,870
Indirect instruction	1,461,236	1,966,334	1,881,982	84,352
Custodial and maintenance	4,419	82,202	377,296	(295,094)
Other support services	64,133	402,685	488,718	(86,033)
General administration	61,037	40,976	63,044	(22,068)
Capital outlay	-	-	54,069	(54,069)
Contingency	-	-	-	-
<b>Total Expenditures</b>	<u>10,884,143</u>	<u>18,588,856</u>	<u>10,981,898</u>	<u>7,606,958</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	34,077	34,077
<b>Fund Balances - July 1</b>	-	-	<u>543,686</u>	<u>543,686</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 577,763</u>	<u>\$ 577,763</u>

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE -  
SCHOOL DIVISION TRUST FUND  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
Last 10 Fiscal 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>
<b>Primary Government</b>								
School's proportion (percentage) of the of the net pension liability	0.87571225000%	0.79182744580%	0.79110857540%	0.90530820530%	0.85941073360%	0.84404636939%	0.8709059842%	0.8762041253%
School's proportionate share of the net pension liability	\$ 132,326,867	\$ 118,241,565	\$ 140,043,850	\$ 292,709,997	\$ 255,845,307	\$ 129,059,082	\$ 118,019,596	\$ 111,759,600
School's covered payroll	\$ 46,826,480	\$ 46,547,737	\$ 43,481,809	\$ 42,055,165	\$ 40,257,198	\$ 37,389,300	\$ 36,719,056	\$ 36,636,231
School's proportionate share of the net pension liability as a percentage of covered payroll	282.59%	254.02%	322.07%	696.01%	635.53%	345.18%	321.41%	305.05%
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

The amounts presented for each fiscal year were determined as of December 31.

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS - SCHOOL DIVISION TRUST FUND**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
 Last 10 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>
Primary Government								
Statutorily required contributions	\$ 9,190,090	\$ 9,222,844	\$ 8,630,680	\$ 7,940,512	\$ 7,402,323	\$ 6,632,003	\$ 6,142,030	\$ 5,785,691
Contributions in relation to the statutorily required contributions	9,190,090	9,222,844	8,630,680	7,940,512	7,402,323	6,632,003	6,142,030	5,785,691
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 46,826,480	\$ 47,589,491	\$ 45,115,943	\$ 42,055,165	\$ 40,257,198	\$ 37,389,300	\$ 36,719,056	\$ 36,636,231
Contribution as a percentage of covered payroll	19.63%	19.38%	19.13%	18.88%	18.39%	17.73%	16.73%	15.79%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE -  
HEALTH CARE TRUST FUND  
 PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
 Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Primary Government</b>					
School's proportion (percentage) of the net pension liability	0.5065622890%	0.5174%	0.5142%	0.5144%	0.4885%
School's proportionate share of the net pension liability	\$ 3,967,297	\$ 5,800,731	\$ 6,921,161	\$ 6,687,047	\$ 6,333,560
School's covered payroll	\$ 46,826,480	\$ 46,547,737	\$ 43,481,809	\$ 4,176,063	\$ 38,571,889
School's proportionate share of the net pension liability as a percentage of covered payroll	8.47%	12.46%	15.92%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	32.78%	24.49%	17.03%	17.53%	16.72%

The amounts presented for each fiscal year were determined as of December 31.

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS - HEALTH CARE TRUST FUND**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Primary Government</b>					
Statutorily required contributions	\$ 477,630	\$ 485,412	\$ 460,182	\$ 428,963	\$ 410,623
Contributions in relation to the statutorily required contributions	<u>477,630</u>	<u>485,412</u>	<u>460,182</u>	<u>428,963</u>	<u>410,623</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 46,826,480	\$ 47,589,491	\$ 45,115,943	\$ 42,055,165	\$ 40,257,199
Contribution as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

**COMBINING FUND STATEMENTS**

**NON MAJOR FUNDS**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

	<u>Food Service Fund</u>	<u>Pupil Athletic Fund</u>	<u>Pupil Activity Fund</u>	<u>The School District 70 Education Foundation</u>	<u>Totals</u>
<b><u>Assets</u></b>					
Cash in bank and on hand	\$ 730,990	\$ 109,855	\$ 1,408,593	\$ 12,845	\$ 2,262,283
Accounts receivable	4,783	-	178	-	4,961
Due from other funds	657	77,135	3,631	-	81,423
Accrued federal revenue	746,637	-	-	-	746,637
Inventories	74,920	-	-	-	74,920
<b>Total Assets</b>	<u>1,557,987</u>	<u>186,990</u>	<u>1,412,402</u>	<u>12,845</u>	<u>3,170,224</u>
<b><u>Liabilities</u></b>					
Accounts payable	16,042	40,037	32,843	-	88,922
Accrued salaries and P.E.R.A.	200,915	51,055	-	-	251,970
Due to other funds	-	185	77,135	-	77,320
Unearned revenue	104,332	-	-	-	104,332
<b>Total Liabilities</b>	<u>321,289</u>	<u>91,277</u>	<u>109,978</u>	<u>-</u>	<u>522,544</u>
<b><u>Fund Balance</u></b>					
Nonspendable	74,920	-	-	-	74,920
Restricted	3,600	42,100	100	-	45,800
Assigned	1,158,178	53,613	1,302,324	12,845	2,526,960
<b>Total Fund Balances</b>	<u>\$ 1,236,698</u>	<u>\$ 95,713</u>	<u>\$ 1,302,424</u>	<u>\$ 12,845</u>	<u>\$ 2,647,680</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Food Service</u> <u>Fund</u>	<u>Pupil</u> <u>Athletic</u> <u>Fund</u>	<u>Pupil</u> <u>Activity</u> <u>Fund</u>	<u>The School</u> <u>District 70</u> <u>Education</u> <u>Foundation</u>	<u>Totals</u>
<b>Revenues</b>					
State sources	\$ 31,738	\$ -	\$ -	\$ -	\$ 31,738
Federal sources	4,439,342	-	-	-	4,439,342
Other sources	182,836	240,067	856,508	15,026	1,294,437
Fund allocations	-	-	-	-	-
<b>Total Revenues</b>	<u>4,653,916</u>	<u>240,067</u>	<u>856,508</u>	<u>15,026</u>	<u>5,765,517</u>
<b>Expenditures</b>					
Direct instruction	-	1,220,140	818,154	-	2,038,294
Indirect instruction	-	-	-	-	-
Transportation	-	91,830	-	-	91,830
Custodial and maintenance	17,394	-	-	-	17,394
Other support services	3,887,838	92	-	34,692	3,922,622
Capital outlay	-	-	3,732	-	3,732
<b>Total Expenditures</b>	<u>3,905,232</u>	<u>1,312,062</u>	<u>821,886</u>	<u>34,692</u>	<u>6,073,872</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>748,684</u>	<u>(1,071,995)</u>	<u>34,622</u>	<u>(19,666)</u>	<u>(308,355)</u>
<b>Other Financing Sources (Uses)</b>					
Transfer to other funds	-	-	-	-	-
Transfers from other funds	-	1,122,863	-	-	1,122,863
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,122,863</u>	<u>-</u>	<u>-</u>	<u>1,122,863</u>
<b>Net Change in Fund Balance</b>	748,684	50,868	34,622	(19,666)	814,508
<b>Fund Balances - July 1 (Restated)</b>	<u>488,014</u>	<u>44,845</u>	<u>1,267,802</u>	<u>32,511</u>	<u>1,833,172</u>
<b>Fund Balances - June 30</b>	<u>\$ 1,236,698</u>	<u>\$ 95,713</u>	<u>\$ 1,302,424</u>	<u>\$ 12,845</u>	<u>\$ 2,647,680</u>

**OTHER SUPPLEMENTARY  
INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**PUPIL ATHLETIC FUND**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Other sources	\$ 538,089	\$ 538,089	\$ 240,067	\$ (298,022)
<b>Expenditures</b>				
Direct instruction	1,623,245	1,623,245	1,220,140	403,105
Transportation	162,400	162,400	91,830	70,570
Other support services	200	200	92	108
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>1,785,845</u>	<u>1,785,845</u>	<u>1,312,062</u>	<u>473,783</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,247,756)	(1,247,756)	(1,071,995)	175,761
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	<u>1,247,756</u>	<u>1,247,756</u>	<u>1,122,863</u>	<u>(124,893)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	50,868	50,868
<b>Fund Balances - July 1</b>	<u>-</u>	<u>-</u>	<u>44,845</u>	<u>99,290</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,713</u>	<u>\$ 150,158</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**PUPIL ACTIVITY FUND**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other sources	\$ 3,487,754	\$ 3,487,754	\$ 856,508	\$ (2,631,246)
<b>Expenditures</b>				
Direct instruction	3,487,754	3,487,754	818,154	2,669,600
Capital outlay	-	-	3,732	(3,732)
<b>Total Expenditures</b>	<u>3,487,754</u>	<u>3,487,754</u>	<u>821,886</u>	<u>2,665,868</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	34,622	34,622
<b>Fund Balances - July 1</b>	<u>-</u>	<u>-</u>	<u>1,267,802</u>	<u>99,290</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,302,424</u>	<u>\$ 133,912</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**DEBT SERVICE FUND**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,176,291	\$ 12,213,291	\$ 10,014,604	\$ (2,198,687)
Other sources	150,000	150,000	895	(149,105)
<b>Total Revenues</b>	<u>8,326,291</u>	<u>12,363,291</u>	<u>10,015,499</u>	<u>(2,347,792)</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	4,960,000	8,960,000	8,960,000	-
Interest and fiscal charges	2,496,682	2,533,682	2,577,837	(44,155)
Debt issuance costs	-	-	342,234	(342,234)
Contingency	869,609	54,009,609	-	54,009,609
<b>Total Expenditures</b>	<u>8,326,291</u>	<u>65,503,291</u>	<u>11,880,071</u>	<u>53,623,220</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(53,140,000)</u>	<u>(1,864,572)</u>	<u>51,275,428</u>
<b>Other Financing Sources (Uses)</b>				
Refunding bond proceeds	-	53,140,000	53,135,000	(5,000)
Payment of refunded debt escrow	-	-	(52,792,765)	(52,792,765)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>53,140,000</u>	<u>342,235</u>	<u>(52,797,765)</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>(1,522,337)</u>	<u>51,270,428</u>
<b>Fund Balances - July 1</b>	<u>-</u>	<u>-</u>	<u>15,324,879</u>	<u>15,324,879</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,802,542</u>	<u>\$ 66,595,307</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL (BUDGET BASIS)**

**CAPITAL PROJECTS FUND**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	<u>Budgeted Amount</u>			<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
State sources	\$ -	\$ 3,763,000	\$ 330,036	\$ (3,432,964)
Other sources	-	-	19,473	19,473
<b>Total Revenues</b>	-	3,763,000	349,509	(3,413,491)
<b>Expenditures</b>				
Custodial and maintenance	-	-	608	(608)
Other Support Services	-	-	548,450	(548,450)
Capital outlay	-	67,979,589	5,002,101	62,977,488
Debt service:				
Principal retirement	-	-	8,644,387	(8,644,387)
Interest and fiscal charges	-	-	76,637	(76,637)
Contingency	-	21,498,411	-	21,498,411
<b>Total Expenditures</b>	-	89,478,000	14,272,183	75,205,817
<b>Excess of Revenues Over (Under) Expenditures</b>	-	(85,715,000)	(13,922,674)	71,792,326
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	85,715,000	73,045,000	(12,670,000)
Premium on issuance	-	-	16,458,785	16,458,785
<b>Total Other Financing Sources</b>	-	85,715,000	89,503,785	3,788,785
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	75,581,111	75,581,111
<b>Fund Balances - July 1</b>	-	-	-	-
<b>Fund Balances - June 30</b>	\$ -	\$ -	\$ 75,581,111	\$ 75,581,111

**STATEMENT OF REVENUES EXPENSES AND CHANGE IN NET ASSETS**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOOD SERVICE FUND**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Budgeted Amount</u>			<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Federal sources	\$ 2,703,500	\$ 3,997,000	\$ 4,439,342	\$ 442,342
State sources	60,750	92,750	31,738	(61,012)
Local sources	<u>1,756,550</u>	<u>599,550</u>	<u>182,836</u>	<u>(416,714)</u>
<b>Total Revenues</b>	<u>4,520,800</u>	<u>4,689,300</u>	<u>4,653,916</u>	<u>(35,384)</u>
<b>Expenditures</b>				
Indirect instructional	-	-	-	-
Custodial and maintenance	15,000	15,000	17,394	(2,394)
Other support services	4,410,800	4,579,300	3,887,838	691,462
Capital outlay	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>
<b>Total Expenditures</b>	<u>4,520,800</u>	<u>4,689,300</u>	<u>3,905,232</u>	<u>784,068</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	748,684	748,684
<b>Fund Balances - July 1 (Restated)</b>	<u>-</u>	<u>-</u>	<u>488,014</u>	<u>488,014</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,236,698</u>	<u>\$ 1,236,698</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL (BUDGET BASIS)**

**EDUCATION FOUNDATION**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	Budgeted Amount		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State sources	\$ -	\$ -	\$ -	\$ -
Other sources	35,000	50,000	15,026	(34,974)
<b>Total Revenues</b>	<u>35,000</u>	<u>50,000</u>	<u>15,026</u>	<u>(34,974)</u>
<b>Expenditures</b>				
Other support services	35,000	50,000	34,692	15,308
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>35,000</u>	<u>50,000</u>	<u>34,692</u>	<u>15,308</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	(19,666)	(19,666)
<b>Fund Balances - July 1</b>	<u>-</u>	<u>-</u>	<u>32,511</u>	<u>32,511</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,845</u>	<u>\$ 12,845</u>

**COMBINING BALANCE SHEET**  
**COMPONENT UNIT - CHARTER SCHOOLS**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021

<u>Assets</u>	<u>Villa Bella Expeditionary</u>	<u>Connect School</u>	<u>Swallows Charter Academy</u>	<u>Total Charter Schools</u>
Cash in bank and on hand	\$ 532,229	\$ 98,321	\$ 2,124,880	\$ 2,755,430
Restricted cash	-	-	5,593,436	5,593,436
Due from the District	183	1,633,762	130,525	1,764,470
Assets held in the general fund	179,577	309,669	-	489,246
Accrued federal revenue	50,439	-	-	50,439
Accounts receivable	342	8,690	39,034	48,066
Prepaid expenses	-	-	2,500	2,500
Deposit	-	-	-	-
<b>Total Assets</b>	<u>762,770</u>	<u>2,050,442</u>	<u>7,890,375</u>	<u>10,703,587</u>
 <b>Liabilities and Fund Balances</b>				
Accounts payable	4,036	16,268	880,813	901,117
Retainage payable	-	-	81,666	81,666
Accrued salaries and P.E.R.A.	148,682	179,135	250,800	578,617
Unearned revenue	1,390	-	804	2,194
<b>Total Liabilities</b>	<u>154,108</u>	<u>195,403</u>	<u>1,214,083</u>	<u>1,563,594</u>
 <b>Fund Balances</b>				
Nonspendable	-	-	2,500	2,500
Restricted - Tabor Reserve	51,800	68,100	165,000	284,900
Restricted - Debt Service	-	-	4,654,248	4,654,248
Assigned - Charter School Operations	556,862	1,786,939	1,854,544	4,198,345
<b>Total Fund Balances</b>	<u>\$ 608,662</u>	<u>\$ 1,855,039</u>	<u>\$ 6,676,292</u>	<u>\$ 9,139,993</u>

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
COMPONENT UNIT - CHARTER SCHOOLS  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
June 30, 2021**

	<u>Villa Bella Expeditionary</u>	<u>Connect School</u>	<u>Swallows Charter Academy</u>	<u>Total Charter Schools</u>
<b>Total Fund Balances - Governmental Fund</b>	\$ 608,662	\$ 1,855,039	\$ 6,676,292	\$ 9,139,993
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in governmental funds.	6,308,311	2,157,873	6,105,060	14,571,244
Interest payable on long term debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government wide statements since the liability is to be paid in the near term.	-	(174)	(59,780)	(59,954)
Long term liability for the note payable, bond payable and capital lease is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(6,301,640)	(1,172,786)	(10,223,880)	(17,698,306)
Long term liability for compensated absences are not due and payable in the current period and, therefore, are not reported in the government funds.	(56,951)	(130,076)	-	(187,027)
Deferred outflows related to pension assumptions are not recorded and included in the governmental funds.	2,114,472	(1,116,846)	(90,083)	907,543
Deferred outflows related to OPEB assumptions are not recorded and included in the governmental funds.	(27,115)	(51,014)	(26,380)	(104,509)
The long-term liabilities for pension are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(2,273,292)	(2,926,518)	(7,410,626)	(12,610,436)
The long-term liabilities for OPEB are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(57,241)	(97,812)	(269,350)	(424,403)
<b>Total Net Position - Government Activities</b>	<u>\$ 315,206</u>	<u>\$ (1,482,314)</u>	<u>\$ (5,298,747)</u>	<u>\$ (6,465,855)</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**COMPONENT UNIT - CHARTER SCHOOLS**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
For the year ended June 30, 2021

	<b><u>Villa Bella Expeditionary</u></b>	<b><u>Connect School</u></b>	<b><u>Swallows Charter Academy</u></b>	<b><u>Total Charter Schools</u></b>
<b>Revenues</b>				
Other sources	\$ 59,737	\$ 5,265	\$ 355,060	\$ 420,062
State sources	83,551	81,087	230,592	395,230
Federal sources	335,254	134,225	443,894	913,373
Fund allocations	<u>1,936,385</u>	<u>2,067,534</u>	<u>5,585,428</u>	<u>9,589,347</u>
<b>Total Revenues</b>	<u>2,414,927</u>	<u>2,288,111</u>	<u>6,614,974</u>	<u>11,318,012</u>
<b>Expenditures</b>				
Direct instruction	1,168,552	1,384,854	3,020,042	5,573,448
Indirect instruction	384,951	453,432	-	838,383
Transportation	826	-	-	826
Custodial and maintenance	282,314	86,661	-	368,975
Other support services	190,503	153,081	2,914,832	3,258,416
General administration	31,316	33,437	-	64,753
Capital outlay	6,294,859	-	1,921,241	8,216,100
Debt Service				
Principal retirement	78,360	1,275,745	106,749	1,460,854
Interest	<u>62,662</u>	<u>51,090</u>	<u>300,827</u>	<u>414,579</u>
<b>Total Expenditures</b>	<u>8,494,343</u>	<u>3,438,300</u>	<u>8,263,691</u>	<u>20,196,334</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(6,079,416)	(1,150,189)	(1,648,717)	(8,878,322)
<b>Other Financing Sources</b>				
Proceeds from capital lease	-	1,223,000	-	1,223,000
Proceeds from bond issuance	<u>6,613,852</u>	<u>-</u>	<u>6,755,000</u>	<u>13,368,852</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	534,436	72,811	5,106,283	5,713,530
<b>Fund Balances - July 1 (Restated)</b>	<u>74,226</u>	<u>1,782,228</u>	<u>1,570,009</u>	<u>3,426,463</u>
<b>Fund Balances - June 30</b>	<u>\$ 608,662</u>	<u>\$ 1,855,039</u>	<u>\$ 6,676,292</u>	<u>\$ 9,139,993</u>

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**TO THE STATEMENT OF NET ACTIVITIES**

**COMPONENT UNIT - CHARTER SCHOOLS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

June 30, 2021

	<u>Villa Bella Expeditionary</u>	<u>Connect School</u>	<u>Swallows Charter Academy</u>	<u>Total Charter Schools</u>
<b>Total Change in Fund Balances - General Fund</b>	\$ 534,436	\$ 72,811	\$ 5,106,283	\$ 5,713,530
Governmental funds report capital outlay as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amounts by which capital outlay (\$6,294,859), (\$0) and (\$2,039,966), respectively, exceeds or is (less than) depreciation expense, (\$54,725), (\$47,635), (\$262,167) respectively,	6,240,131	(47,635)	1,777,799	7,970,295
Retirements of principal outstanding on debt result in a reduction of accumulated resources on the fund financial statements. The government wide statements show these reductions against the long-term liability.	78,360	1,275,745	106,749	1,460,854
Interest payable on bonds is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized.	-	(173)	(36,909)	(37,082)
Proceeds from debt issuance provide current financial resources in the governmental funds. However, the proceeds create additional long-term liabilities in the statement of net position.	-	-	(6,755,000)	(6,755,000)
Some capital assets acquired this year were financed with a note payable. These amounts are reported in the governmental funds as a source of financing. On the other hand, these financing sources are not revenues in the statement of activities, but rather constitute a long-term liability in the statement of net position.	(6,380,000)	(1,223,000)	-	(7,603,000)
In the government-wide statements accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts paid). Therefore, the change in the accrued compensated absences is recognized.	(26,852)	(20,525)	-	(47,377)
Net pension and OPEB related items are reported in the statement of activity and do not require the use of current financial sources, and therefore are not reported in the governmental funds.	<u>(187,598)</u>	<u>901,997</u>	<u>1,322,133</u>	<u>2,036,532</u>
<b>Total Change in Net Position - Government Activities</b>	\$ <u>258,477</u>	\$ <u>959,220</u>	\$ <u>1,521,055</u>	\$ <u>2,738,752</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**VILLA BELLA EXPEDITIONARY**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
**For the year ended June 30, 2021**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
State sources	\$ 70,052	\$ 83,549	\$ 83,551	\$ 2
Federal sources	344,250	335,370	335,254	(116)
Other sources	10,000	27,189	39	(27,150)
Fund allocations	<u>1,774,350</u>	<u>1,801,476</u>	<u>1,936,385</u>	<u>134,909</u>
<b>Total Revenues</b>	<u>2,198,652</u>	<u>2,247,584</u>	<u>2,355,229</u>	<u>107,645</u>
<b>Expenditures</b>				
Direct instruction	1,174,580	1,289,680	1,150,364	139,316
Indirect instruction	366,446	378,784	384,951	(6,167)
Transportation	1,500	1,500	826	674
Custodial and maintenance	455,698	351,592	282,314	69,278
Other support services	62,148	63,221	190,503	(127,282)
General administration	-	-	31,316	(31,316)
Capital outlay	134,570	6,335,101	6,294,859	40,242
Debt Service				
Principal retirement	-	78,602	78,360	242
Interest	-	61,758	62,662	(904)
Contingency	<u>10,000</u>	<u>242,549</u>	<u>-</u>	<u>242,549</u>
<b>Total Expenditures</b>	<u>2,204,942</u>	<u>8,802,787</u>	<u>8,476,155</u>	<u>326,632</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(6,290)	(6,555,203)	(6,120,926)	434,277
<b>Other Financing Sources</b>				
Debt proceeds	<u>-</u>	<u>6,613,852</u>	<u>6,613,852</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(6,290)	58,649	492,926	434,277
<b>Fund Balances - July 1 (Restated)</b>	<u>6,290</u>	<u>(29,840)</u>	<u>36,671</u>	<u>66,511</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ 28,809</u>	<u>\$ 529,597</u>	<u>\$ 500,788</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL (BUDGET BASIS)**

**CONNECT SCHOOL**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	Budgeted Amount		Actual	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
State sources	\$ 77,799	\$ 83,674	\$ 81,087	\$ (2,587)
Federal sources	170,000	152,616	134,225	(18,391)
Other sources	20	20	12	
Fund allocations	<u>2,028,868</u>	<u>1,921,364</u>	<u>2,067,534</u>	<u>146,170</u>
<b>Total Revenues</b>	<u>2,276,687</u>	<u>2,157,674</u>	<u>2,282,858</u>	<u>125,192</u>
<b>Expenditures</b>				
Direct instruction	1,443,784	1,407,966	1,370,703	37,263
Indirect instruction	445,247	452,182	453,432	(1,250)
Custodial and maintenance	108,795	111,093	86,661	24,432
Other support services	64,919	128,278	153,081	(24,803)
General administration	-	-	33,437	(33,437)
Capital outlay	80,000	60,000	-	60,000
Debt Service				
Principal retirement	112,465	112,465	1,275,745	(1,163,280)
Interest	67,535	67,535	51,090	16,445
Contingency	<u>1,110,441</u>	<u>974,830</u>	<u>-</u>	<u>974,830</u>
<b>Total Expenditures</b>	<u>3,433,186</u>	<u>3,314,349</u>	<u>3,424,149</u>	<u>(109,800)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,156,499)	(1,156,675)	(1,141,291)	15,384
<b>Other Financing Sources</b>				
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>1,223,000</u>	<u>1,223,000</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(1,156,499)	(1,156,675)	81,709	1,238,384
<b>Fund Balances - July 1 (Restated)</b>	<u>1,156,499</u>	<u>1,156,675</u>	<u>1,724,766</u>	<u>568,091</u>
<b>Fund Balances - June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,806,475</u>	<u>\$ 583,475</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**SWALLOWS CHARTER ACADEMY**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
For the year ended June 30, 2021

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>Revenues</b>				
Other sources	\$ 78,000	\$ 40,000	\$ 113,543	\$ 73,543
State sources	144,400	181,250	230,592	49,342
Federal sources	-	-	443,894	443,894
Fund allocations	<u>5,519,690</u>	<u>5,542,625</u>	<u>5,585,428</u>	<u>42,803</u>
<b>Total Revenues</b>	<u>5,742,090</u>	<u>5,763,875</u>	<u>6,373,457</u>	<u>609,582</u>
<b>Expenditures</b>				
Salaries	2,820,000	2,985,700	2,906,711	78,989
Employee benefits	858,090	877,290	796,041	81,249
Purchased services	1,614,800	1,583,800	1,286,602	297,198
Supplies and materials	290,000	222,000	304,180	(82,180)
Property	55,000	25,000	344,901	(319,901)
Other	-	-	18,863	(18,863)
Debt Service				
Principal retirement	70,000	70,000	51,749	18,251
Interest	<u>-</u>	<u>-</u>	<u>383</u>	<u>(383)</u>
<b>Total Expenditures</b>	<u>5,707,890</u>	<u>5,763,790</u>	<u>5,709,430</u>	<u>54,360</u>
<b>Excess of Revenues Over</b>				
<b>(Under) Expenditures</b>	34,200	85	664,027	663,942
<b>Other Financing Sources</b>				
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Sources</b>				
<b>Over (Under) Expenditures and Other Uses</b>	34,200	85	664,027	663,942
<b>Fund Balances - July 1</b>	<u>-</u>	<u>1,359,327</u>	<u>1,358,017</u>	<u>(1,310)</u>
<b>Fund Balances - June 30</b>	<u>\$ 34,200</u>	<u>\$ 1,359,412</u>	<u>\$ 2,022,044</u>	<u>\$ 662,632</u>

NOTE: Budget amounts are for the General Fund only.

## **COMPLIANCE SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education</u></b>			
<b>Passed Through Colorado Department of Education</b>			
Special Education - Grants to States	84.027	4027, 5027, 9027	\$ 1,717,573
Special Education - Preschool Grant	84.173	4173	24,552
Total Special Education Cluster			<u>1,742,125</u>
Title 1 - Grants to Local Educational Agencies	84.010	4010	1,221,619
Migrant Education - State Grant Program	84.011	4011	469,777
Career and Technical Education - Basic Grants to States	84.048	4048	55,479
Special Education - Grants for Infants and Families	84.181	5181	2,987
English Language Acquisition Grants	84.365	4365	42,348
Improving Teacher Quality State Grants	84.367	4367	198,585
Colorado Charter Schools - Program & Grant	84.282A	5282	229,134
Student Support and Academic Enrichment Program	84.424	4424	73,921
Elementary & Secondary School Emergency Relief Fund (COVID-19)	84.425D	4420, 4425, 5425	<u>1,734,186</u>
Total U.S. Department of Education			<u>5,770,161</u>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed Through Colorado Department of Education</b>			
School Breakfast Program	10.553	4553	-
National School Lunch Program	10.555	4555	493,116
Summer Food Service Program for Children	10.559	4559	<u>3,546,038</u>
Total Passed Through Colorado Department of Education			<u>4,039,154</u>
<b>Passed Through Colorado Department of Human Services</b>			
School Breakfast Program-Commodities	10.553	4553	30,963
National School Lunch Program-Commodities	10.555	4555	<u>227,065</u>
Total Passed Through Colorado Department of Human Services			<u>258,028</u>
Total Child Nutrition Cluster			<u>4,297,182</u>
<b>Passed Through Colorado Department of Public Health &amp; Environment</b>			
Child and Adult Care Food Program	10.558	4558	<u>142,161</u>
Total U.S. Department of Agriculture			<u>4,439,343</u>
<b><u>U.S. Department of the Treasury</u></b>			
<b>Passed Through Colorado Department of Education</b>			
Coronavirus Relief Fund (COVID-19)	21.019	4012, 5012, 6012	<u>4,853,706</u>
Total U.S. Department of the Treasury			<u>4,853,706</u>
<b><u>U.S. Department of Defense</u></b>			
<b>Direct Program - Department of the Army</b>			
Reserve Officer Training Corps (ROTC salary reimbursement)	12.Unknown	9001	<u>142,508</u>
Total U.S. Department of Defense			<u>142,508</u>
Total Federal Assistance			<u>\$ 15,205,718</u>

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pueblo County School District No. 70 under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and /or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COSTS**

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D - RISK BASED AUDIT APPROACH**

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The District does qualify as a low-risk auditee.

**NOTE E - FOOD DISTRIBUTION**

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$227,065 are valued based on the USDA's Donated Commodity Price List.

**NOTE F - AMOUNTS AWARDED TO SUB-RECIPIENTS**

Included in the total amount expended for the Migrant Education Grant (CFDA #84.011) is \$1,034 that was passed through to two sub-recipients that administered the program in their own Districts.

# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA  
MEL J. ROSS, CPA  
SAM J. DeNARDO, CPA

SUITE 200  
3673 PARKER BOULEVARD  
PUEBLO, COLORADO 81008  
719 / 544-9872  
FAX 719 / 253-5417  
www.grdcpa.com

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

### Independent Auditor's Report

February 15, 2022

Board of Education  
Pueblo County School District No. 70  
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo County School District No. 70 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2022.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 that we consider to be significant deficiencies.

### Compliance and Other Matters

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

**Pueblo County School District No. 70's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Arron Ross & DeNardo, Inc.

# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA  
MEL J. ROSS, CPA  
SAM J. DeNARDO, CPA

SUITE 200  
3673 PARKER BOULEVARD  
PUEBLO, COLORADO 81008  
719 / 544-9872  
FAX 719 / 253-5417  
www.grdcpa.com

## Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

### Independent Auditor's Report

February 15, 2022

Board of Education  
Pueblo County School District No. 70  
Pueblo, Colorado

### Report on Compliance for Each Major Federal Program

We have audited Pueblo County School District No. 70's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

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

### Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-003, that we consider to be significant deficiencies

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Garren, Ross & DeNardo, Inc.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
For the year ended June 30, 2021

**SECTION I - SUMMARY OF AUDIT RESULTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes <u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> x </u> yes    ___ no
Noncompliance material to financial statements noted?	___ yes <u> x </u> no
<i>Federal Awards</i>	
Internal control over major programs:	
• Material weakness(es) identified?	___ yes <u> x </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> x </u> yes    ___ no
Type of auditor's reported issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ x ___ yes    ___ no
The programs tested as major programs were:	
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education - Grants to State
84.173	Special Education - Preschool Grant
21.019	Coronavirus Relief Fund (COVID-19)
84.425D	Elementary & Secondary School Emergency Relief Fund (COVID-19)
Dollar threshold used to distinguish between type A and type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	___ x ___ yes    ___ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**SIGNIFICANT DEFICIENCIES**

**2021-001 Accounting Functions of the School District 70 Education Foundation**  
**(Repeat Finding - 2020-003)**

Condition and Context:

The accounting functions of the Foundation should be completed on a timely basis. Supporting documentation to accompany expenditures should follow the same policies and protocol as other District funds.

Criteria:

Policies for accounting functions along with supporting documentation for the Foundation needs to follow same protocol as other District funds.

Cause:

The accounting information was not recorded in a timely manner. The policies regarding the support for expenditures should be reviewed and adhered to.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2021-001 Accounting Functions of the School District 70 Education Foundation (Continued)**

**Effect:**

In the event of discrepancies, the delay in updating the accounting information for the Foundation does not allow postings, reconciliations and other inquiries to occur on a timely basis.

**Recommendation:**

The Foundation should follow District policy in posting transaction and reconciling activity in a timely manner. Expenditures should have supporting documentation at the time of payment.

**Response:**

The School District implemented a corrective action beginning in fiscal year ending June 30, 2022.

**2021-002 Formalizing Process to Produce Monthly Financial Statements**

**(Repeat Finding 2020-004)**

**Condition and Context:**

A protocol should be in place to ensure key financial statement accounts are reconciled and adjusted on a monthly basis. A review process should be timely and completed each month.

**Criteria:**

Procedures for key financial statement accounts to ensure they are reconciled and adjusted on a monthly basis with adequate review time.

**Cause:**

Reconciliation and review of key financial statement accounts were not completed on a monthly basis which causes some errors in the monthly financial statements.

**Effect:**

Not following protocol to review and reconcile key financial statement accounts results in some errors in the monthly financial statements.

**Recommendation:**

Improvements were made with this process. The District should continue to work on their processes to ensure key financial statement accounts are reconciled and reviewed on a monthly basis.

**Response:**

The District will continue to review procedures to ensure key financial statement accounts are reconciled and reviewed on a monthly basis.

**2021-003 Reimbursement claim forms/reports**

**(Repeat finding 2020-007)**

**Condition and Context:**

Reimbursement claim forms/reports submitted to CDE or other granting/oversight agencies should be reconciled to the detailed transactions recorded in the general ledger prior to submitting such forms. Grant administrators should verify their records and any variances should be investigated and corrected on a timely basis. Further, supporting documentation must be received from pass-through entities to properly support their expenditures. This is required to adequately monitor sub-recipients activities where the program expenditures are sometimes made.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2021-003 Reimbursement claim forms/reports (Continued)**

Criteria:

The current controls that the District have in place should be followed. The reimbursement forms should be reconciled to the detailed transactions recorded in the general ledger. The information reported on the reimbursement forms should be reviewed and verified for accuracy.

Cause:

The control in place were not followed at times and the underlying expenditures requested for reimbursement were not reconciled with the general ledger.

Effect:

The reimbursement claims could be incorrect if controls that are in place are not followed.

Recommendation:

Reimbursement claim forms/reports submitted for government grants should be reconciled to the detailed transactions recorded in the general ledger prior to submitting such claims. The claims also need to be traced to receipt. The District has had this control in place for years in an effort to ensure that grant reporting is accurate and corresponds to general ledger totals reflected in the financial statements.

Response:

The School District will review their current procedures along with this recommendation.

**SECTION III - FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**SECTION IV - PRIOR YEAR FINDINGS**

**2020-001 Tracking Grant Reimbursement Requests to Receipt**

Condition and Context:

The District submitted grant reimbursement requests and the corresponding payments were not received or accurate. The discrepancies or non payment should have prompted an inquiry with the granting agency. Because of the failure to follow procedures, discrepancies in reimbursement payments were not identified timely.

Recommendations:

The District's procedures need to be reviewed to ensure there is timely follow up if grant reimbursement requests are not funded on a timely basis.

Current Status:

Fully Implemented

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

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**SECTION IV - PRIOR YEAR FINDINGS (Continued)**

**2018-009 Reimbursement claim forms/reports**

**Condition and Context:**

During the prior year audit we noted instances of duplicating expenditures and reimbursement requests that were not received by the District and the discrepancies were not identified in a timely manner. We also identified a discrepancy on the reimbursement reports relating to the line "previously reported funds" which was overstated. This discrepancy resulted in the District not using their total grant award. The District had contacted the granting agency to try and rectify this discrepancy.

**Recommendation:**

Reimbursement claim forms/reports submitted for government grants should be reconciled to the detailed transactions recorded in the general ledger and to previously submitted report totals prior to submitting such claims. The claims also need to be traced to receipt. The District has had this control in place for years in an effort to ensure that grant reporting is accurate and corresponds to general ledger totals reflected in the financial statements.

**Current Status:**

Partially implemented

This finding was reported as 2020-007 in 2020. This finding is reported as 2021-003 in 2021. The District made significant improvements in the current year and is continuing to work on improving their procedures for accurate reporting and requests to the proper grant agency. No instances of discrepancies noted in the current year relating to identified major programs.

**00-2 Coding Federal Expenditures**

**Condition:**

Coding of federal expenditures in Designated Grant Fund could be improved.

**Recommendation:**

Internal control procedures need to be followed as implemented to ensure that the expenditures are coded correctly. Grant administrators should verify their records are in agreement with the general ledger detail and any variances should be investigated and corrected, if necessary, on a timely basis.

**Current Status:**

Fully Implemented

This finding was reported as 2020-006 in 2020.

**SCHEDULE OF FISCAL YEAR SPENDING COMPUTATIONS**  
**PURSUANT TO ARTICLE X, SECTION 20**  
**PUEBLO COUNTY SCHOOL DISTRICT NO. 70**  
For the year ended June 30, 2021

1.	Total Fiscal Year Expenditures for All Funds Listed (Expenditures, plus changes in fund balances, less transfers)		
	a. General Fund (includes Preschool, Insurance Reserve and Capital Reserve Funds)	\$ 96,653,211	
	b. Governmental Designated-Purpose Grants Fund	11,015,975	
	c. Pupil Athletic Fund (Special Revenue Fund)	1,362,930	
	d. Bond Redemption Fund	11,880,071	
	e. Food Service Fund	4,653,916	
	f. Charter Schools (Connect School and Villa Bella)	4,444,203	
	g. Pupil Activity Fund (Special Revenue Fund)	856,508	
	h. Capital Projects Fund	<u>89,853,294</u>	
	<b>Total Fiscal Year Expenditures</b>		<b>\$ 220,720,108</b>
2.	Deduct the Following Expenditures Included in Above Totals		
	a. Expenditures from Gifts/Foundations	1,162,475	
	b. Expenditures from Federal Revenue	16,722,828	
	c. Revenue Transfers	526,171	
	d. Expenditures from Designated Reserves	1,525,367	
	e. Expenditures from Proceeds of Damage Awards	12,468	
	f. Expenditures from the Sale of School Property	10,554	
	g. Other Sources, Additions, and Debt Proceeds	<u>120,255,582</u>	
	<b>Total Fiscal Year Deductions</b>		<u>140,215,445</u>
3.	Total Spending Subject to TABOR for FYE 6-30-2021		<u>\$ 80,504,663</u>
4.	Total Spending Subject to TABOR for FYE 6-30-2020		\$ 86,928,061
5.	Percentage Change in Denver/Boulder CPI	1.924 %	
6.	Percentage Change in Student Enrollment	<u>(2.226) %</u>	
7.	Total Percentage Change	<u>(0.302) %</u>	
8.	Change in Permitted Spending Based on Percentage Changes		<u>(262,522)</u>
9.	Maximum Spending Subject to TABOR for FYE 6-30-2021		<u>\$ 86,665,539</u>
10.	FYE 6-30-2021 Spending Over (Under) Allowable Amount		<u>\$ (6,160,876)</u>

Note - the School District passed a referendum regarding revenue and spending limitations on November 4, 1997.

The accompanying notes are an integral part of this schedule.

**RECONCILIATION OF AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY  
CHECK FIGURES TO GOVERNMENTAL FUND FINANCIAL STATEMENTS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70

For the year ended June 30, 2021

	Balance Per ADE	Recognize Activities Fund for Charter Schools	Included Capital Reserve Insurance Funds Held by District on Behalf of Ville Bella and Connect Charters	Rounding	Balance Per Governmental Fund Financial Statements
<u>Connect Charter School / Component Unit</u>					
Beginning fund balance / Net position	\$ 1,410,024	\$ 57,462	314,742	-	\$ 1,782,228
Revenues	2,201,771	5,253	1,304,087	-	3,511,111
Expenditures	2,061,302	14,151	1,362,847	-	3,438,300
Ending fund balance	1,550,493	48,564	255,982	-	1,855,039
<u>Villa Bella Expeditionary School/Component Unit</u>					
Beginning fund balance	64,068	37,555	(27,396)	(1)	74,226
Revenues	2,242,433	59,698	6,726,648	-	9,028,779
Expenditures	1,877,416	18,188	6,598,740	(1)	8,494,343
Ending fund balance	429,085	79,065	100,512	-	608,662
<u>Charter Schools in Total / Component Unit</u>					
Beginning fund balance / Net position	3,044,101	95,017	287,346	(1)	3,426,463
Revenues	17,814,178	64,951	8,030,735	-	25,909,864
Expenditures	12,202,409	32,339	7,961,587	(1)	20,196,334
Ending fund balance	8,655,870	127,629	356,494	-	9,139,993
<u>Bond Redemption Fund</u>					
Revenues	63,150,498	-	-	1	63,150,499
<u>Pupil Athletic - Special Revenue Fund</u>					
Ending fund balance	95,714	-	-	(1)	95,713
<u>Pupil Activity Special Revenue Fund</u>					
Beginning fund balance	1,300,312	-	-	1	1,300,313
<u>Govt. Designated Purpose Grant</u>					
Ending fund balance	577,762	-	-	1	577,763

The accompanying notes are an integral part of this schedule.

**RECONCILIATION OF AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY  
CHECK FIGURES TO GOVERNMENTAL FUND FINANCIAL STATEMENTS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	Balance Per <u>ADE</u>	<u>Rounding</u>	Capital Reserve Fund is Combined With the General Fund on the Balance Sheet	Categories Shown Separate on Combining Balance Sheet	Due To/From Netted When Combining General, Insurance and Preschool Funds	Balance per Governmental Fund Financial Statements
<b>Bolded Balance Sheet Report</b>						
<b>General Fund/Preschool Fund</b>						
Cash and investments	\$ -	-	\$ -	-	-	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Taxes receivable	1,677,678	-	-	(660,576)	-	1,017,102
Cash with treasurer	-	-	-	630,576	-	630,576
Property tax receivable	-	-	-	30,000	-	30,000
Due from other funds	4,415,913	(1)	-	-	(3,006,329)	1,409,583
Grants accounts receivable	12,578	-	-	31,399	-	43,977
Other receivables	666,837	-	-	(31,399)	-	635,438
Total assets	27,665,995	-	-	-	(3,006,329)	24,659,666
Due to other funds	4,758,537	(1)	-	(1,741,425)	(3,006,329)	10,782
Due to component unit	-	-	-	1,741,425	-	1,741,425
Other payables	211,101	1	-	-	-	211,102
Total liabilities and deferred inflow	12,809,488	-	-	-	(3,006,329)	9,803,159
Assigned	1,261,991	(1)	-	10,159	-	1,272,149
Unassigned	11,215,929	-	-	(10,159)	-	11,205,770
Total liabilities and fund balances	27,665,995	-	-	-	(3,006,329)	24,659,666
<b>Debt Service Funds</b>						
Property tax receivable	-	-	-	14,000	-	14,000
Taxes receivable	440,908	-	-	(207,410)	-	233,498
Cash with treasurer	-	-	-	193,410	-	193,410

The accompanying notes are an integral part of this schedule.

**RECONCILIATION OF AUDITOR'S ELECTRONIC FINANCIAL DATA INTEGRITY  
CHECK FIGURES TO GOVERNMENTAL FUND FINANCIAL STATEMENTS**

PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	Balance Per ADE	Rounding	Connect and Villa Bella Capital Reserve Insurance and Activity Funds Combined on the Balance Sheet	Categories Shown Separate on Combining Balance Sheet	Swallows Categories Shown Separate on Combining Balance Sheet	Balance per Governmental Fund Financial Statements
<b>Bolded Balance Sheet Report</b>						
<b>Special Revenue Funds</b>						
Grants accounts receivable	\$ 2,080,882	\$	\$ -	\$ -	\$ -	\$ 2,080,883
Other receivables	19,648		-	-	-	19,649
Total assets	4,224,528		-	-	-	4,224,529
Restricted fund balance	66,220		-	46,100	-	112,321
Tabor 3% emergency reserve	46,100		-	(46,100)	-	-
Total fund equity	1,988,744		-	-	-	1,988,745
<b>Charter School / Component Unit</b>						
Cash and investments	8,161,063		-	(5,551,577)	145,944	2,755,430
Cash with fiscal agent	41,859		-	(41,859)	-	-
Restricted cash	-		-	5,593,436	-	5,593,436
Interfund loans receivable	1,747,312		-	-	17,158	1,764,470
Assets held by District	-		489,246	-	-	489,246
Other receivables	343		6,526	-	41,197	48,066
Prepaid expenses	206,799		-	-	(204,299)	2,500
Total assets	10,207,815		495,772	-	-	10,703,587
Interfund payables	5,887		-	-	(5,887)	-
Other payables	30,534		11,649	-	858,934	901,117
Retainage payable	-		-	-	81,666	81,666
Accrued expenses	574,946		-	-	3,671	578,617
Unearned revenue	-		-	2,194	-	2,194
Grants Deferred Revenue	858,912		-	(2,194)	(856,718)	-
Other current liabilities	81,666		-	-	(81,666)	-
Total Liabilities	1,551,945		11,649	-	-	1,563,594
Non-spensible fund balance	-		-	-	2,500	2,500
Tabor 3% emergency reserve	119,900		-	-	165,000	284,900
Restricted fund balance - debt service	-		-	-	4,654,248	4,654,248
Assigned fund balance	612,511		484,123	1,859,678	1,242,033	4,198,345
Unassigned fund balance	7,923,459		-	(1,859,678)	(6,063,781)	-
Total fund equity	8,655,870		484,123	-	-	9,139,993

The accompanying notes are an integral part of this schedule.

**COLORADO SCHOOL DISTRICT AUDITOR'S ELECTRONIC**  
**FINANCIAL DATA INTEGRITY CHECK FIGURES**  
PUEBLO COUNTY SCHOOL DISTRICT NO. 70  
For the year ended June 30, 2021

	<u>Balance Per CDE</u>	<u>Balance Per District</u>	<u>Variance</u>	<u>Explanation</u>
<b>Warnings</b>				
<u>ECEA</u>				
Grant Code: 3130				
Receipts	\$ 2,678,866.00	\$ 2,681,404.00	\$ (2,538.00)	Receivable at June 30, 2021
<u>State ELPA</u>				
Grant Code: 3139				Funding passed through to Villa Bella Expeditionary
Receipts	\$ 70,277.95	\$ 71,388.76	\$ (1,110.81)	Charter School - Deferred Revenue
<u>English Language Proficiency</u>				
Grant Code: 3140				Funding passed through to Villa Bella Expeditionary
Receipts	\$ 62,744.02	\$ 63,023.28	\$ (279.26)	Charter School - Deferred Revenue
<u>Summer Food Distribution</u>				
Grant Code: 4559				
Receipts	\$ 3,387,138.73	\$ 2,931,586.09	\$ 455,552.64	Reported under grant code #4555
<u>IDEA: Part B: Special Education</u>				
Grant Code: 4027				
Receipts	\$ 1,509,864.44	\$ 1,508,822.24	\$ 1,042.20	Private school portion at June 30, 2020
<u>Title V - B</u>				
Grant Code: 5282				Funding passed through to Villa Bella Expeditionary
Receipts	\$ 191,995.96	\$ 141,557.23	\$ 50,438.73	Charter School - Receivable at June 30, 2021
<b>Fund 11 - Fund Balance</b>				
Formula driven beginning fund balance	\$ 3,044,100.76			
Previous years ending fund balance	\$ 3,044,103.22		\$ (2.46)	Two of the Charter Schools, Villa Bella and Swallows had \$1 rounding differences last year

The accompanying notes are an integral part of this schedule.