PUEBLO SCHOOL FOR ARTS AND SCIENCES

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

Comprised of:

Pueblo School for Arts and Sciences – Jones Avenue
Pueblo School for Arts and Sciences – Fulton Heights
Pueblo School for Arts and Sciences – Home School

PUEBLO SCHOOL FOR ARTS AND SCIENCES
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JUNE 30, 2021

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pueblo School for Arts and Sciences

We have audited the accompanying financial statements of the governmental activities and each major fund of Pueblo School for Arts and Sciences (the School), a component unit of Pueblo School District No. 60, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Pueblo School for Arts and Sciences, 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.

31 East Platte Avenue, Suite 300 • Colorado Springs, CO 80903 • (719) 630-1091 • Fax (719) 630-0522 • www.hoeltingco.com

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
October 29, 2021

PUEBLO SCHOOL FOR ARTS AND SCIENCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

As management of Pueblo School for Arts and Sciences (the School) we offer readers of the School's annual financial report this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- Liabilities and deferred inflows of the School exceeded its assets and deferred outflows by $5,842,303 during the fiscal year resulting in a negative net position balance. This includes a loans payable of $733,629, net pension and OPEB liabilities of $8,926,822, deferred pension and OPEB outflows of $3,486,645, and deferred pension and OPEB inflows of $3,444,795. Absent these adjustments, assets would have exceeded liabilities by $3,776,298.

- The School's fund balance increased $1,175,132.

- The School has $733,629 of long-term debt outstanding, $567,486 of which is PPP Loan proceeds that are anticipated to be forgiven.

- As of the close of the current fiscal year, the school's general fund reported an ending fund balance surplus of $2,385,917.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information reporting how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include general government of running a K-8 charter school in Pueblo City School District 60 and a homeschool program through Pueblo School District 70.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School's operations, focusing on its most significant funds, not the School as a whole. The School has a general fund, which is a governmental fund.

Governmental Funds: The School's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the School's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

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 government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School. The School adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. Other schedules have also been included to report certain pension and OPEB information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $5,842,303 as of June 30, 2021 resulting in a negative net position. This includes a loan payable of $166,1431 and $567,486 in PPP proceeds, net pension and OPEB liabilities of $8,926,822, deferred outflows of $3,486,645, and deferred inflows of $3,444,795. Absent these adjustments, assets would have exceeded liabilities by $3,776,298.

Condensed Statement of Net Position

	2020	2021
Capital assets	$ 922,814	$ 1,390,381
Other assets	2,050,388	2,901,193
Total assets	2,973,202	4,291,574
Deferred outflow of resources	1,986,241	3,486,645
Long-term liabilities	7,844,714	9,531,643
Other liabilities	839,603	644,084
Total liabilities	8,684,317	10,175,727
Deferred inflows of resources	4,177,588	3,444,795
Investment in capital assets	739,953	1,224,238
Restricted	203,000	249,925
Unrestricted	(8,911,737)	(7,316,466)
Total net position (deficit)	$ (7,968,784)	$ (5,842,303)

Condensed Statement of Changes in Net Position

	2020	2021
Charges for services	$ 34,159	$ 26,140
Operating grants and contributions	255,775	1,159,366
Capital grants and contributions	94,809	118,151
Total program revenues	384,743	1,303,657
Per pupil revenue	6,413,630	6,963,582
Interest	5,188	5,249
Other	32,778	15,512
Total general revenues	6,451,596	6,984,343
Total revenues	6,836,339	8,288,000
Instruction	3,427,613	3,118,601
Supporting services	2,820,425	2,969,293
Facilities acquisition and construction	80,496	73,625
Total program expenses	6,328,534	6,161,519
Change in net position	507,805	2,126,481
Beginning net position	(8,476,589)	(7,968,784)
Ending net position (deficit)	$ (7,968,784)	$ (5,842,303)

ANALYSIS OF THE SCHOOL'S FUNDS

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

The general fund is the operating fund of the School. The fund balance for the general fund is $2,385,917 at the end of the current fiscal year.

BUDGETARY HIGHLIGHTS

The School's budget is prepared in accordance with state law. During the year the School amended its General Fund budget primarily to reflect the following changes:

A reduction in PPR of $154 per student, reducing revenue for Jones and Fulton campuses. However, the Jones campus was able to make up the lost revenue with increased enrollment in online students due to COVID distance learning guidelines. In April 2021, the PSAS Board of Education adopted a supplemental budget wherein the legislature made budget adjustments to back fill a portion of the reduced PPR funding resulting in an increase of $137 per student.

PSAS received a PPP Loan in the amount of $567,486 which the Loan Forgiveness application is still in progress with the SBA. It is anticipated to be forgiven. The Loan was not allocated for expenses unless board authorization because the loan had not been forgiven as of June 30, 2021.

Federal grant funding due to Lost learning and the impact of social distancing on education for PSAS has contributed to the success of the school's ability to establish a strong reserve fund balance with an increase of $1,175,132 in fund balance.

Enrollment at the campuses was at capacity with an additional 300 plus students on the waiting list, therefore the PSAS board expanded enrollment in the online program to accommodate students wishing to attend PSAS via distance learning. Online and in person enrollment had minor fluctuations throughout the year, even still the online program maintained an average of 130 students in the e-Learning program. This contributes to the increase in fund balance at the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include all capital outlays related to building improvements and equipment. Capital assets net of accumulated depreciation was $1,390,381 as of June 30, 2021. Significant capital outlays during the year included:

- $128,275 Fulton Campus for outdoor classrooms
- $182,363 Fulton Campus HVAC upgrades and replace boiler system
- $ 18,000 Fulton Campus UV disinfecting devices
- $124,363 Jones Campus Outdoor Classrooms
- $ 72,827 Jones Campus replaced and upgraded gym floor
- $ 36,000 Jones Campus UV disinfecting devices

Debt Administration

No significant debt has been accumulated by the Network.

ECONOMIC FACTORS

- Pueblo School for Arts and Sciences is located in southern Pueblo. The State economy was stabilizing and PPR was increasing for schools across the state with the prediction that would maintain a steady increase pre-pandemic. Broad measures of economic activity indicate continued recovery from pandemic-induced recession. Businesses and families trying to return to normalcy have faced challenges with the virus reasserting itself as a prime driver of economic recovery as consumers, businesses, and workers adjust to fluctuating health risks and mandates therefore still bearing the brunt of lingering effects on the Colorado lifestyle and economy. Some businesses have emerged from this untouched or even better off than before however, some state revenue tied to sectors that require in-person services are still not at their pre-pandemic levels and are subject to the fluctuations of the virus. This is expected to persist into 2022 boosting inflationary pressures and challenging the economic recovery. Education remains a priority in the Colorado legislature and the Governor's office so, it is anticipated that the school funding will remain consistent with pre-pandemic amounts, although it is not anticipated to see increase in school funding in 2022.

SCHOOL INFORMATION

- Pueblo School for Arts and Sciences is a K-8 charter school operating under the authorization of Pueblo City School District 60 since 1994. Colorado State University-Pueblo, the local undergrad/graduate university, historically provided administrative services but the School took over that responsibility July 1, 2011. In August of 2018, PSAS opened the Homeschool Program under the governance of Pueblo County School District 70.

- The school maintains a steady and full enrollment of 800 funded students on three campuses, Jones, Fulton Heights and Homeschool. This number may fluctuate slightly on student count day causing the annual operating budget to be originally based on slightly fewer students and then adjusted to actual enrollment at mid-year.

REQUESTS FOR INFORMATION

This financial report is designed to provide the School's taxpayers and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Theresa Martinez, Pueblo School for Arts and Sciences 1850 B East Platteville Blvd, Pueblo West, CO 81007.

BASIC FINANCIAL STATEMENTS

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS		
Cash and investments	$	2,640,829
Intergovernmental receivables		252,864
Deposits		7,500
Capital assets not being depreciated		72,828
Capital assets, net of accumulated depreciation		1,317,553
Total assets		4,291,574
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows		3,386,564
Deferred OPEB outflows		100,081
Total deferred outflows of resources		3,486,645
LIABILITIES		
Accounts payable		107,126
Intergovernmental payables		49,878
Accrued salaries and benefits		309,043
Unearned revenue		49,229
Noncurrent liabilities:		
Due within one year:		
Loans payable		128,808
Due in more than one year:		
Loans payable		604,821
Net pension liability		8,613,687
Net OPEB liability		313,135
Total liabilities		10,175,727
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows		3,343,957
Deferred OPEB inflows		100,838
Total deferred inflows of resources		3,444,795
NET POSITION		
Net investment in capital assets		1,224,238
Restricted:		
Capital construction		32,925
Emergencies		217,000
Unrestricted		(7,316,466)
Total net position (deficit)	$	(5,842,303)

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

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental activities:					
Instruction	$ 3,118,601	$ 26,140	$ 1,159,366	$ -	$ (1,933,095)
Support services	2,969,293	-	-	118,151	(2,851,142)
Facilities acquisition and construction	73,625	-	-	-	(73,625)
Total governmental activities	$ 6,161,519	$ 26,140	$ 1,159,366	$ 118,151	(4,857,862)
General Revenues:					
Per pupil revenue					6,963,582
Grants and contributions not restricted to specific programs					709
Unrestricted investment earnings					5,249
Miscellaneous					14,803
Total general revenues					6,984,343
Change in net position					2,126,481
Net position, beginning (deficit)					(7,968,784)
Net position, ending (deficit)					$ (5,842,303)

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

PUEBLO SCHOOL FOR ARTS AND SCIENCES
BALANCE SHEET
GENERAL FUND
JUNE 30, 2021

ASSETS		
Cash and investments	$	2,640,829
Intergovernmental receivables		252,864
Deposits		7,500
Total Assets	$	2,901,193
LIABILITIES		
Accounts payable	$	107,126
Intergovernmental payables		49,878
Accrued salaries and benefits		309,043
Unearned revenue		49,229
Total Liabilities		515,276
FUND BALANCE		
Restricted for:		
Capital construction		32,925
Emergencies		217,000
Unassigned		2,135,992
Total Fund Balance		2,385,917
Total Liabilities and Fund Balance	$	2,901,193

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

PUEBLO SCHOOL FOR ARTS AND SCIENCES
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 2,385,917
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		1,390,381
Long-term liabilities and related items are not due and payable in the current year and therefore, are not reported in the governmental funds.		
Loan payable	$ (733,629)	
Net pension liabilities	(8,613,687)	
Pension outflows	3,386,564	
Pension inflows	(3,343,957)	
Net OPEB liabilities	(313,135)	
OPEB outflows	100,081	
OPEB inflows	(100,838)	(9,618,601)
Total Net Position of Governmental Activities		$ (5,842,303)

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

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	
Local sources	$ 71,505
State sources	7,124,299
Federal sources	1,102,196
Total revenues	8,298,000
EXPENDITURES	
Instruction	3,694,704
Support services	3,399,254
Facilities acquisition and construction	596,396
Total expenditures	7,690,354
Excess (deficiency) of revenues over expenditures	607,646
OTHER FINANCING SOURCES (USES)	
Loan proceeds	567,486
Net change in fund balance	1,175,132
Fund balance - beginning	1,210,785
Fund balance, ending	$ 2,385,917

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

PUEBLO SCHOOL FOR ARTS AND SCIENCES
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds		$ 1,175,132
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:		
Capital Outlay	$ 580,728	
Depreciation Expense	(113,161)	467,567
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of debt	$ (567,486)	
Repayment of principal	16,718	(550,768)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension expenses	$ 1,034,213	
OPEB expenses	337	1,034,550
Change in Net Position of Governmental Activities		$ 2,126,481

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pueblo School for Arts and Sciences (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate charter schools within the State of Colorado.

The School manages two charter schools as well as a homeschool program within the Pueblo area. The Jones Avenue and Fulton Heights locations are Pueblo School District No. 60 charter schools. The homeschool program operates within Pueblo School District No. 70.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

A. REPORTING ENTITY

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

Based upon the application of these criteria, there are no organizations that should be included in the School's reporting entity.

The School is considered a component unit of Pueblo School District No. 60 (the "District"). The School is deemed to be fiscally dependent upon the District because the District provides the majority of the support to the School in the form of per pupil operating revenue. The School operates under a charter with the District. The current charter runs through June 30, 2026 at which time the School may seek renewal of its charter in accordance with procedures set forth in state law and school district policy and regulations.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The School reports the following major governmental fund:

> The *General Fund* is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal 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, except grants which have a 120 availability 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, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are valued at the pool's share price, the price at which the investment could be sold.

Receivables

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the School as assets with a cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Equipment	7 years
Building improvements	15 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Accrued Salaries and Benefits

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

Unearned Revenues

Unearned revenues include grant funds that have been collected but the corresponding expense has not been incurred and activity fees collected for future periods.

Pensions

Pueblo School for Arts and Sciences 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 made changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

Health Care Trust Fund

Pueblo School for Arts and Sciences 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement 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 (expense/ expenditure) until then.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Deferred outflows/inflows of resources (continued)

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

Net position flow assumption

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Classification

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

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance Classification (continued)

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

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

Compensated Absences

The School's policy allows 12 month employees (not the Professional and Instructional staff) to accumulate vacation leave at a rate of 20 hours per month. Upon termination of employment from the School, an employee will be compensated for accrued vacation time up to 200 hours.

These compensated absences are recognized as current salary costs when due in the governmental fund types. As no material amounts were due, no liability has been recorded in the government-wide financial statements for the accrued compensated absences as of June 30, 2021.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including per pupil revenue, are reported as *general revenues*.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets are required by Colorado State Statutes for all funds. During April, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

NOTE 3 - DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2021 is as follows:

Deposits	$ 2,029,388
Investments	611,441
Total	$ 2,640,829

Deposits and investments are reported in the financial statements as follows:

Cash and investments	$ 2,640,829

Cash deposits with financial institutions

Custodial credit risk—deposits. Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the carrying amount of the School's deposits was $2,029,388 and the bank balances were $2,123,711. Of the bank balances, $250,000 was covered by FDIC insurance and $1,873,711 was uninsured, but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in a trust for all uninsured deposits as a group.

Investments

The School is required to comply with State statutes that specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

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

The investments for fiscal year ending June 30, 2021:

Investment Type	Fair Value	Maturities
Money Market	$ 460,534	Less than 60 days
Certificates of Deposit	150,907	Less than 60 days
Total	$ 611,441	

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	$ -	$ 72,828	$ -	$ 72,828
Capital assets, being depreciated				
Building improvements	1,038,545	453,900	-	1,492,445
Equipment	190,198	54,000	-	244,198
Total capital assets being depreciated	1,228,743	507,900	-	1,736,643
Less accumulated depreciation for:				
Building Improvements	(189,593)	(83,736)	-	(273,329)
Equipment	(116,336)	(29,425)	-	(145,761)
Total accumulated depreciation:	(305,929)	(113,161)	-	(419,090)
Total capital assets, being depreciated, net	$ 922,814	$ 394,739	$ -	$ 1,317,553

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction – Jones Avenue	$ 52,452
Instruction – Fulton Heights	48,894
Instruction – Home School	11,815
Total	$ 113,161

NOTE 5 – LONG-TERM DEBT

2019 Modular Loan

On May 1, 2019, the School executed a $200,000 loan and security agreement to finance the purchase of a new modular trailer. This loan bears interest at 4.9% and requires monthly debt services payment of $2,119 beginning on June 1, 2019 and continuing through May 1, 2029.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

2020 Paycheck Protection Loan

On July 1, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of $567,486 to fund salaries, benefits, and certain operating expenses. Principal and interest are paid monthly, at an interest rate of 1%, with payments deferred for 10 months after the last day of the covered period. Final maturity is June 1, 2026. The School may apply for loan forgiveness following a covered period for use of the funds.

Annual debt service requirements to maturity for the loans payable are as follows:

Fiscal Year Ending June 30	Governmental-Type Activities Principal	Interest
2022	$ 128,807	$ 18,264
2023	130,818	11,014
2024	132,869	8,963
2025	135,010	6,822
2026	135,198	4,634
2027-2029	68,927	5,267
Total	$ 733,629	$ 54,964

The changes in long-term debt for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2019 Loan	$ 182,861	$ -	$ 16,718	$ 166,143	$ 17,568
2020 PPP Loan	-	567,486	-	567,486	111,240
Total	$ 182,861	$ 567,486	$ 16,718	$ 733,629	$ 128,808

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Pueblo School for Arts and Sciences 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.

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contributions provisions as of June 30, 2021: Eligible employees of, Pueblo School for Arts and Sciences 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:

	July 1, 2020 Through June 30, 2021
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 the 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 a percentage of salary as defined in C.R.S. § 24-51-101(42).

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Pueblo School for Arts and Sciences is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Pueblo School for Arts and Sciences were $638,204 for the year ended June 30, 2021.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The net pension liability for the 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 Pueblo School for Arts and Sciences proportion of the net pension liability was based on Pueblo School for Arts and Sciences 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 Pueblo School for Arts and Sciences reported a liability of $8,613,687 for its proportionate share of the net pension liability. The amount recognized by the Pueblo School for Arts and Sciences 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 Pueblo School for Arts and Sciences were as follows:

Pueblo School for Arts and Sciences proportionate share of the net pension liability	$ 8,613,687
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Pueblo School for Arts and Sciences	-
Total	$ 8,613,687

At December 31, 2020, the Pueblo School for Arts and Sciences proportion was 0.056976438 percent, which was an increase of 0.0080946619 from its proportion measured as of December 31, 2019.

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NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Pueblo School for Arts and Sciences recognized pension expense of ($1,034,213). At June 30, 2021, the Pueblo School for Arts and Sciences reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 473,279	$ -
Changes of assumptions or other inputs	828,610	1,447,888
Net difference between projected and actual earnings on pension plan investments	-	1,896,069
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,747,741	-
Contributions subsequent to the measurement date	336,935	N/A
Total	$ 3,386,564	$ 3,343,957

$336,935 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	$ (635,989)
2023	757,339
2024	(116,562)
2025	(299,116)
2026	-
Thereafter	-

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

Healthy mortality assumptions for active members 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.

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (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 nominal rate of return assumption of 7.25 percent.

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- 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.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 11,749,776	$ 8,613,687	$ 6,000,294

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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 Pueblo School for Arts and Sciences is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Pueblo School for Arts and Sciences were $32,746 for the year ended June 30, 2021.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2021, the Pueblo School for Arts and Sciences reported a liability of $313,135 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 Pueblo School for Arts and Sciences proportion of the net OPEB liability was based on Pueblo School for Arts and Sciences 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 Pueblo School for Arts and Sciences proportion was 0.0329537845 percent, which was an increase of 0.0010122436 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Pueblo School for Arts and Sciences recognized OPEB expense of ($337). At June 30, 2021, the Pueblo School for Arts and Sciences reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 831	$ 68,842
Changes of assumptions or other inputs	2,340	19,201
Net difference between projected and actual earnings on OPEB plan investments	-	12,795
Changes in proportion and differences between contributions recognized and proportionate share of contributions	79,622	-
Contributions subsequent to the measurement date	17,288	N/A
Total	$ 100,081	$ 100,838

$17,288 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:

Year ended June 30:	
2022	$ 2,142
2023	3,932
2024	(4,320)
2025	(13,687)
2026	(5,739)
Thereafter	(373)

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured 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.

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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 that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A
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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

[1] 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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

Sensitivity of the Pueblo School for Arts and Sciences 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$305,042	$313,135	$322,557

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.

NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 358,702	$ 313,135	$ 274,202

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.

NOTE 8 - RISK MANAGEMENT

The School 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 disasters.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal year

NOTE 9 – CONCENTRATION OF RISK

The School is funded directly by the District based on the District's per pupil funding. For the fiscal year ended June 30, 2021, this funding accounted for approximately 83% of the School's revenues.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

GRANTS

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2021 there was a $217,000 restriction of fund balance reported in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 12 – COMPLIANCE

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2021 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 13 – SUBSEQUENT EVENTS

The School entered into an agreement to purchase a building for new the Pueblo Classical Academy to close in August 2021.

REQUIRED SUPPLEMENTARY INFORMATION

PUEBLO SCHOOL FOR ARTS AND SCIENCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

District 60 **Jones Avenue and Fulton Heights**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
School's proportion of the net pension liability (asset)	0.0545822905%	0.0454397773%	0.0422115046%	0.0431022332%	0.0377175090%	0.0372916025%	0.0376489497%	0.0377023613%
School's proportionate share of the net pension liability (asset)	$ 8,251,740	$ 6,788,604	$ 7,474,414	$ 13,937,730	$ 11,229,961	$ 5,703,487	$ 5,102,697	$ 4,808,926
State's proportionate share of the net pension liability (asset) associated with the School	-	861,048	1,022,022	-	-	-	-	-
Total	$ 8,251,740	$ 7,649,652	$ 8,496,436	$ 13,937,730	$ 11,229,961	$ 5,703,487	$ 5,102,697	$ 4,808,926
School's covered payroll	$ 2,919,137	$ 2,670,328	$ 2,320,593	$ 1,988,255	$ 1,692,829	$ 1,625,159	$ 1,577,221	$ 1,519,902
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

District 70 **Home School**	**2020**	**2019**	**2018**
School's proportion of the net pension liability (asset)	0.0023941475%	0.0034419988%	0.0031457207%
School's proportionate share of the net pension liability (asset)	$ 361,947	$ 514,227	$ 557,014
State's proportionate share of the net pension liability (asset) associated with the School	-	65,223	76,164
Total	$ 361,947	$ 579,450	$ 633,178
School's covered payroll	$ 128,042	$ 202,274	$ 172,937
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	254.22%	322.09%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%

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

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

District 60	2021	2020	2019	2018	2017	2016	2015	2014
Jones Avenue and Fulton Heights								
Contractually required contribution	$ 611,387	$ 542,304	$ 483,628	$ 431,785	$ 315,282	$ 298,693	$ 269,588	$ 245,715
Contributions in relation to the contractually required contribution	(611,387)	(542,304)	(483,628)	(431,785)	(315,282)	(298,693)	(269,588)	(245,715)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,075,388	$ 2,798,267	$ 2,528,111	$ 2,286,997	$ 1,715,354	$ 1,684,675	$ 1,597,085	$ 1,537,640
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

District 70	2021	2020	2019
Home School			
Contractually required contribution	$ 26,817	$ 41,079	$ 36,041
Contributions in relation to the contractually required contribution	(26,817)	(41,079)	(36,041)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered payroll	$ 134,896	$ 211,965	$ 188,402
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2021

District 60 **Jones Avenue and Fulton Heights**	**2020**	**2019**	**2018**	**2017**	**2016**
School's proportion of the net OPEB liability (asset)	0.0315690679%	0.0296923848%	0.0274376774%	0.0244905224%	0.0214390844%
School's proportionate share of the net OPEB liability (asset)	$ 299,977	$ 333,742	$ 373,301	$ 318,279	$ 277,965
School's covered payroll	$ 2,919,137	$ 2,670,328	$ 2,320,593	$ 1,988,255	$ 1,692,829
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%	16.7%

District 70 **Home School**	**2020**	**2019**	**2018**
School's proportion of the net OPEB liability (asset)	0.0013847166%	0.0022491561%	0.0020447333%
School's proportionate share of the net OPEB liability (asset)	$ 13,158	$ 25,280	$ 27,819
School's covered payroll	$ 128,042	$ 202,274	$ 172,937
School's proportionate share of the net OPEB liability (asset) as a percentage	10.28%	12.50%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%

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

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

District 60 **Jones Avenue and Fulton Heights**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 31,370	$ 28,543	$ 25,788	$ 23,320	$ 17,493
Contributions in relation to the contractually required contribution	(31,370)	(28,543)	(25,788)	(23,320)	(17,493)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,075,388	$ 2,798,267	$ 2,528,111	$ 2,286,997	$ 1,715,354
Contributions 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 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

District 70 **Home School**	**2021**	**2020**	**2019**
Contractually required contribution	$ 1,376	$ 2,162	$ 1,922
Contributions in relation to the contractually required contribution	(1,376)	(2,162)	(1,922)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered payroll	$ 134,896	$ 211,965	$ 188,402
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 97,767	$ 274,669	$ 71,505	$ (203,164)
State sources	6,886,138	7,380,803	7,124,299	(256,504)
Federal sources	57,890	1,222,108	1,102,196	(119,912)
Total revenues	7,041,795	8,877,580	8,298,000	(579,580)
EXPENDITURES				
Instuction	3,336,049	3,984,277	3,694,704	289,573
Supporting services	3,611,746	4,580,617	3,399,254	1,181,363
Facilities acquisition and construction	94,000	770,097	596,396	173,701
Total expenditures	7,041,795	9,334,991	7,690,354	1,644,637
Excess (deficiency) of revenues Over expenditures	-	(457,411)	607,646	1,065,057
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	567,486	567,486	-
Net change in fund balances	-	110,075	1,175,132	1,065,057
Fund balance, beginning	1,320,943	1,210,785	1,210,785	-
Fund balance, ending	$ 1,320,943	$ 1,320,860	$ 2,385,917	$ 1,065,057

See the accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

PUEBLO SCHOOL FOR ARTS AND SCIENCES
BALANCE SHEET
GENERAL FUND BY LOCATION
JUNE 30, 2021

	District 60		District 70	
	Jones Avenue	Fulton Heights	Home School	Total
ASSETS				
Cash and investments	$ 2,640,829	$ -	$ -	$ 2,640,829
Intergovernmental receivables	166,012	86,852	-	252,864
Deposits	7,500	-	-	7,500
Internal balances	(265,887)	265,887	-	-
Total Assets	$ 2,548,454	$ 352,739	$ -	$ 2,901,193
LIABILITIES				
Accounts payable	107,126	-	-	107,126
Intergovernmental payables	33,419	16,459	-	49,878
Accrued salaries and benefits	203,547	100,477	5,019	309,043
Unearned revenue	49,229	-	-	49,229
Total Liabilities	393,321	116,936	5,019	515,276
FUND BALANCE				
Restricted for:				
Capital construction	-	32,925	-	32,925
Emergencies	217,000	-	-	217,000
Unassigned	1,938,132	202,878	(5,018)	2,135,992
Total Fund Balance	2,155,132	235,803	(5,018)	2,385,917
Total Liabilities and Fund Balance	$ 2,548,453	$ 352,739	$ 1	$ 2,901,193

See the accompanying independent auditor's report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND BY LOCATION
FOR THE YEAR ENDED JUNE 30, 2021

	District 60		District 70	
	Jones Avenue	**Fulton Heights**	**Home School**	**Total**
REVENUES				
Local sources	$ 39,732	$ 27,809	$ 3,964	$ 71,505
State sources	4,526,005	2,197,302	400,992	7,124,299
Federal sources	552,927	549,269	-	1,102,196
Total revenues	5,118,664	2,774,380	404,956	8,298,000
EXPENDITURES				
Instruction	2,440,396	1,149,068	105,240	3,694,704
Support services	1,975,624	1,168,029	255,601	3,399,254
Facilities acquisition and construction	274,933	321,463	-	596,396
Total expenditures	4,690,953	2,638,560	360,841	7,690,354
Excess (deficiency) of revenues over expenditures	427,711	135,820	44,115	607,646
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	267,486	200,000	100,000	567,486
Transfers	231,082	(100,017)	(131,065)	-
Total other financing sources (uses)	498,568	99,983	(31,065)	567,486
Net change in fund balance	926,279	235,803	13,050	1,175,132
Fund balance - beginning	1,228,854	-	(18,069)	1,210,785
Fund balance, ending	$ 2,155,133	$ 235,803	$ (5,019)	$ 2,385,917

See the accompanying independent auditor's report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF NET POSITION BY LOCATION
JUNE 30, 2021

	District 60 Jones Avenue and Fulton Heights	District 70 Home School	Total
ASSETS			
Cash and investments	$ 2,640,829	$ -	$ 2,640,829
Intergovernmental receivables	252,864	-	252,864
Deposits	7,500	-	7,500
Capital assets not being depreciated	72,828	-	72,828
Capital assets, net of accumulated depreciation	1,172,824	144,729	1,317,553
Total assets	4,146,845	144,729	4,291,574
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	3,256,971	129,593	3,386,564
Deferred OPEB outflows	96,251	3,830	100,081
Total deferred outflows of resources	3,353,222	133,423	3,486,645
LIABILITIES			
Accounts payable	107,126	-	107,126
Intergovernmental payables	49,878	-	49,878
Accrued salaries and benefits	304,024	5,019	309,043
Unearned revenue	49,229	-	49,229
Noncurrent liabilities:			
Due within one year:			
Loans payable	115,663	13,145	128,808
Due in more than one year			
Loans payable	543,101	61,720	604,821
Net pension liability	8,284,068	329,619	8,613,687
Net OPEB liability	301,152	11,983	313,135
Total liabilities	9,754,241	421,486	10,175,727
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	3,215,994	127,963	3,343,957
Deferred OPEB inflows	96,979	3,859	100,838
Total deferred inflows of resources	3,312,973	131,822	3,444,795
NET POSITION			
Investment in capital assets	1,154,374	69,864	1,224,238
Restricted for emergencies			
Capital construction	32,925	-	32,925
Emergencies	217,000	-	217,000
Unrestricted	(6,971,446)	(345,020)	(7,316,466)
Total net position (deficit)	$ (5,567,147)	$ (275,156)	$ (5,842,303)

See the accompanying independent auditor's report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF ACTIVITIES BY LOCATION
FOR THE YEAR ENDED JUNE 30, 2021

	District 60	District 70	
	Jones Avenue and Fulton Heights	Home School	Total
REVENUES:			
General revenues:			
Per Pupil Revenue	$ 6,562,590	$ 400,992	$ 6,963,582
Grants and contributions not restricted to specific programs	709	-	709
Unrestricted investment earnings	5,249	-	5,249
Miscellaneous	14,514	289	14,803
Program revenues:			
Charges for services	22,465	3,675	26,140
Operating grants and contributions	1,159,366	-	1,159,366
Capital grants and contributions	118,151	-	118,151
Total revenues	7,883,044	404,956	8,288,000
EXPENSES:			
Instruction expenses	3,104,086	14,515	3,118,601
Supporting services	2,955,473	13,820	2,969,293
Facilities acquisition and construction	73,282	343	73,625
Total expenses	6,132,841	28,678	6,161,519
Change in net position	1,750,203	376,278	2,126,481
Net position, beginning (deficit)	(7,317,350)	(651,434)	(7,968,784)
Net position, ending (deficit)	$ (5,567,147)	$ (275,156)	$ (5,842,303)

See the accompanying independent auditor's report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - JONES AVENUE
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 161,578	$ 39,732	$ (121,846)
State sources	4,703,138	4,526,005	(177,133)
Federal sources	562,916	552,927	(9,989)
Total revenues	5,427,632	5,118,664	(308,968)
EXPENDITURES			
Instruction	2,609,307	2,440,396	168,911
Support services	2,659,983	1,975,624	684,359
Facilities acquisition and construction	355,008	274,933	80,075
Total expenditures	5,624,297	4,690,953	933,344
Excess (deficiency) of revenues over expenditures	(196,665)	427,711	624,376
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	324,704	267,486	(57,218)
Transfers	-	231,082	231,082
Total other financing sources (uses)	324,704	498,568	173,864
Net change in fund balance	128,039	926,279	798,240
Fund balance, beginning	1,210,785	1,228,854	18,069
Fund balance, ending	$ 1,338,824	$ 2,155,133	$ 816,309

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - FULTON HEIGHTS
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ 113,091	$ 27,809	$ (85,282)
State sources	2,283,297	2,197,302	(85,995)
Federal sources	559,192	549,269	(9,923)
Total revenues	2,955,580	2,774,380	(181,200)
EXPENDITURES			
Instruction	1,228,600	1,149,068	79,532
Support services	1,572,636	1,168,029	404,607
Facilities acquisition and construction	415,089	321,463	93,626
Total expenditures	3,216,325	2,638,560	577,765
Excess (deficiency) of revenues over expenditures	(260,745)	135,820	396,565
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	242,782	200,000	(42,782)
Transfers	-	(100,017)	(100,017)
Total other financing sources (uses)	242,782	99,983	(142,799)
Net change in fund balance	(17,963)	235,803	253,766
Fund balance, beginning	-	-	-
Fund balance, ending	$ (17,963)	$ 235,803	$ 253,766

See the accompanying independent auditors' report.

PUEBLO SCHOOL FOR ARTS AND SCIENCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - HOME SCHOOL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	$ -	$ 3,964	$ 3,964
State sources	394,368	400,992	6,624
Total revenues	394,368	404,956	10,588
EXPENDITURES			
Instruction	146,370	105,240	41,130
Support services	347,998	255,601	92,397
Total expenditures	494,368	360,841	133,527
Excess (deficiency) of revenues over expenditures	(100,000)	44,115	144,115
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	100,000	100,000	-
Transfers	-	(131,065)	(131,065)
Total other financing sources (uses)	100,000	(31,065)	(131,065)
Net change in fund balance	-	13,050	13,050
Fund balance, beginning	-	(18,069)	(18,069)
Fund balance, ending	$ -	$ (5,019)	$ (5,019)

See the accompanying independent auditors' report.