

LOVELAND CLASSICAL SCHOOLS

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

**LOVELAND CLASSICAL SCHOOLS
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JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Loveland Classical Schools

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Loveland Classical Schools, a component unit of Thompson School District R2-J, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Loveland Classical Schools, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Hoelting & Company Inc.

Colorado Springs, Colorado
February 5, 2022

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Introduction

As management of Loveland Classical Schools (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

Loveland Classical Schools began operations in the Fall of 2011, and has an elementary campus and an upper school campus. The following financial statements and narrative overview include the activities of both campuses.

At the close of the fiscal year, the School's general fund reported an ending fund balance of \$4,177,080, an increase of \$938,425 from the prior year.

The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was \$7,051,018. The School also received \$1,497,134 in District Mill Levy funding.

In August 2016, the Colorado Educational and Cultural Facilities Authority loaned \$20,820,000 to the Corporation. Proceeds were used to acquire the School's existing educational facility which was being leased, and to finance the purchase of a second parcel of land and construct a second educational facility thereon. Construction was completed in August, 2017. Beginning in fiscal year 2018, the K-5 program is housed in the existing facility and the middle and high school programs are housed in the second facility. This has allowed the School to address the anticipated growth of the School and enhance the educational program.

Senate Bill 18-200, signed in to law on June 4, 2018, modified several of the Public Employees' Retirement Association (PERA) pension plan provisions, including contribution rates. In addition, this Senate Bill required the State to contribute \$225 million each year to PERA beginning on July 1, 2018. However, Senate Bill 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020 and therefore this contribution was not received during fiscal year 2021.

Overview of the Financial Statements

This discussion and analysis serves 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 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, and are presented using accounting methods similar to a private-sector business.

The statement of net position presents information on all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position can serve as an indication of the School's financial condition.

The statement of activities presents information showing 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 only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by per pupil revenue (PPR) or property taxes passed through from the District (Thompson School District R2-J). The governmental activities of the School include instruction and supporting services expense. The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School are categorized as governmental funds or proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements, if needed.

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

The School maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund because it is considered to be a major fund.

The School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Fund. The Loveland Classical Schools Building Corporation (the "Corporation"), considered a blended component unit of the charter school, is reported as business-type activities and as a proprietary fund. It is presented with statements of net position, statement of revenues, expenses and changes in net position and cash flows.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are on pages 10-39.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

**Statement of Net Position
Governmental and Business-Type Activities**

	2021	2020
Cash and Cash Equivalents	\$ 4,098,911	\$ 3,202,655
Restricted Cash and Cash Equivalents	2,552,526	2,410,207
Receivables	386,564	264,350
Prepays	73,879	65,782
Capital Assets, Not Being Depreciated	1,399,444	1,349,835
Capital Assets, Net of Accumulated Depreciation	17,592,386	18,161,252
Total Assets	26,103,710	25,454,081
Deferred Outflows of Resources		
Deferred Pension Outflows	3,792,514	1,668,388
Deferred OPEB Outflows	86,433	90,559
Total Deferred Outflows of Resources	3,878,947	1,758,947
Accounts Payable and Other Accrued Liabilities	280,466	155,315
Accrued Salaries and Benefits	247,933	272,440
Unearned Revenue	4,187	16,464
Accrued Interest Payable	490,719	495,969
Long-term Liabilities		
Due Within One Year	425,000	280,000
Due in More Than One Year	20,556,268	20,948,961
Net Pension Liability	10,102,525	8,536,979
Net OPEB Liability	367,343	419,598
Total Liabilities	32,474,441	31,125,726
Deferred Inflows of Resources		
Deferred Pension Inflows	4,089,041	5,329,170
Deferred OPEB Inflows	118,295	77,512
Total Deferred Inflows of Resources	4,207,336	5,406,682
Net Position		
Net Investment in Capital Assets	(1,933,325)	(1,717,874)
Restricted		
TABOR	275,000	296,000
Debt Service	1,911,495	1,764,151
Repair and Replacement	150,312	150,087
Unrestricted	(7,102,602)	(9,811,744)
Total Net Position (Deficit)	\$ (6,699,120)	\$ (9,319,380)

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

At June 30, 2021 cash and investments and capital assets represent the majority of the School's assets, and pension liability and loan debt represent the majority of the School's liabilities. Liabilities and deferred inflows of resources exceeded the School's assets and deferred outflows of resources by \$6,699,120.

The total negative net position of \$6,699,120 is the direct result of GASB Statement No. 68 concerning the School's defined benefit pension plan and resulting liability. Of these funds \$275,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, \$1,911,495 is restricted for future debt service, and \$150,312 is restricted for building repair and replacement.

As outlined in Notes 6 and 7 to the financial statements, the School participates in both a defined benefit pension plan and other postemployment benefit (OPEB) plan. Accordingly, a net pension liability and net OPEB liability of \$10,102,525 and \$367,343, respectively, have been reported as of June 30, 2021 which represent the School's proportionate share of the Plan's net pension liability. In addition, the School has recorded deferred outflows of resources of \$3,878,947 and deferred inflows of resources of \$4,207,336 related to the pension and OPEB plans.

**Statement of Activities
Governmental and Business-Type Activities**

	2021	2020
Revenues		
Per Pupil Revenue	\$ 7,051,018	\$ 7,210,537
District Mill Levy	1,497,134	1,323,682
District Bond Funding	-	637,191
Capital Construction	287,460	267,825
Charges for Services	73,067	98,670
Contributions Not Restricted to Specific Programs	12,118	57,323
Operating Grants and Contributions	834,888	215,350
Investment Income	7,079	64,851
Other	2,000	2,950
Total Revenues	9,764,764	9,878,379
Expenses		
Instruction	2,627,802	3,607,657
Supporting Services	3,148,723	3,409,343
Building Corporation	1,367,979	1,381,379
Total Expenses	7,144,504	8,398,379
Change in Net Position	2,620,260	1,480,000
Net Position, Beginning	(9,319,380)	(10,799,380)
Net Position, Ending	\$ (6,699,120)	\$ (9,319,380)

Financial Analysis of the School's Funds

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

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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

Revenues decreased in fiscal year 2021 by \$168,147 compared to the prior year, despite the receipt of federal funding related to the COVID-19 pandemic and an increase of 18.6 full-time equivalent students, due to a reduction in per pupil funding and district bond funding. Per pupil funding decreased by \$335.41 per student, or 4.2%. The School also received its final share of district bond funding (\$637,191) during the prior year, which also contributed to the overall reduction in revenues this year.

Expenditures decreased \$291,416 compared to the prior year. The decrease in expenditures is primarily due to a reduction in cost for district provided services, a reduction in full-time equivalent staff and related costs, and several land and building improvements that were completed during the prior year that were not necessary during this year (\$705,955). These expenditure reductions are offset by an increase in expenditures related to the pandemic and associated federal funding (\$493,143).

As of the end of the current fiscal year, the School's governmental fund reported an ending fund balance of \$4,177,080, which is an increase of \$938,425 from the prior year.

Proprietary Fund. Loveland Classical Schools Building Corporation's net position increased \$41,361 during its fourth year of operations.

Budgetary Highlights

The School approves an annual budget in June based on enrollment projections for the following school year. During October, after enrollment stabilizes, adjustments are made to the budget. The School approved supplemental budgets during the year to true up the beginning fund balance and adjust to the actual student count. Actual expenditures in the general fund were under budget by \$735,567.

Capital Asset and Debt Administration

Capital Assets

Capital assets totaling \$18,578,500 include land and buildings owned by the Corporation, and are reported as business type activities. Capital assets totaling \$413,330 include construction in progress, leasehold improvements and equipment, and are reported as governmental activities. Depreciation expense of \$409,789 and \$168,935 was reported in the business type activities and governmental activities, respectively.

Long-term Lease

The School participates in a long-term lease agreement with the Loveland Classical Schools Building Corporation. Monthly principal and interest payments are due under the lease agreement, with interest accruing at rates ranging from 3.75% to 5.00%. The lease ends in July, 2046. Annual debt service ranges from \$869,281 to \$1,409,000 with payments that began in calendar year 2017.

**LOVELAND CLASSICAL SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Economic Factors and Next Year’s Budget

Historically, the School’s enrollment has continued to grow. Historic enrollment numbers are summarized in the table below.

Fiscal Year	PK – 12 Enrollment	PK – 12 FTE
2011 / 2012	535	509.8
2012 / 2013	643	606.5
2013 / 2014	656	620.0
2014 / 2015	680	648.1
2015 / 2016	728	691.9
2016 / 2017	760	726.6
2017 / 2018	862	828.0
2018 / 2019	876	839.5
2019 / 2020	917	895.0
2020 / 2021	931	913.6

Funded pupil count for the 2021- 2022 school year is projected to be 929.7. This factor was considered in preparing the School’s budget for fiscal year 2022. Per pupil revenue for fiscal year 2021-2022 is expected to increase by about 7.5%, or \$578 per pupil, and enrollment is expected to increase.

The economic outlook for fiscal year 2022 has improved slightly with an increase in per pupil revenue; however, the school remains cautiously optimistic due to the COVID-19 pandemic and the related uncertainty of its impact on the economy and the duration of its impact on the economy. The School is fortunate to have a solid fund balance to help weather economic uncertainties, and plans to add \$240,031 during fiscal year 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide readers 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 Dawn Friday, Finance Director/CFO, Loveland Classical Schools, 3835 14th Street SW, Loveland, CO 80537.

BASIC FINANCIAL STATEMENTS

LOVELAND CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 4,098,911	\$ -	\$ 4,098,911
Restricted cash and investments	150,312	2,402,214	2,552,526
Receivables	386,564	-	386,564
Prepays	73,879	-	73,879
Capital assets not being depreciated	49,609	1,349,835	1,399,444
Capital assets, net of accumulated depreciation	363,721	17,228,665	17,592,386
Total Assets	<u>5,122,996</u>	<u>20,980,714</u>	<u>26,103,710</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	3,792,514	-	3,792,514
Deferred OPEB outflows	86,433	-	86,433
Total Deferred Outflows of Resources	<u>3,878,947</u>	<u>-</u>	<u>3,878,947</u>
LIABILITIES			
Accounts payable and other accrued liabilities	280,466	-	280,466
Accrued salaries and benefits	247,933	-	247,933
Unearned revenue	4,187	-	4,187
Accrued interest payable	-	490,719	490,719
Long-term liabilities			
Due within one year	-	425,000	425,000
Due in more than one year	56,113	20,500,155	20,556,268
Net pension liability	10,102,525	-	10,102,525
Net OPEB liability	367,343	-	367,343
Total Liabilities	<u>11,058,567</u>	<u>21,415,874</u>	<u>32,474,441</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	4,089,041	-	4,089,041
Deferred OPEB inflows	118,295	-	118,295
Total Deferred Inflows of Resources	<u>4,207,336</u>	<u>-</u>	<u>4,207,336</u>
NET POSITION			
Net investment in capital assets	413,330	(2,346,655)	(1,933,325)
Restricted for:			
TABOR	275,000	-	275,000
Debt Service	-	1,911,495	1,911,495
Repair and replacement	150,312	-	150,312
Unrestricted	(7,102,602)	-	(7,102,602)
Total Net Position (deficit)	<u>\$ (6,263,960)</u>	<u>\$ (435,160)</u>	<u>\$ (6,699,120)</u>

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

**LOVELAND CLASSICAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 2,627,802	\$ 73,067	\$ 818,188	\$ -	\$ (1,736,547)	\$ -	\$ (1,736,547)
Supporting services	3,148,723	-	16,700	287,460	(2,844,563)	-	(2,844,563)
Total governmental activities	5,776,525	73,067	834,888	287,460	(4,581,110)	-	(4,581,110)
Business-type activities:							
Building Corporation	1,367,979	-	-	-	-	(1,367,979)	(1,367,979)
Total	\$ 7,144,504	\$ 73,067	\$ 834,888	\$ 287,460	(4,581,110)	(1,367,979)	(5,949,089)
General revenues:							
Per pupil revenue					7,051,018	-	7,051,018
District mill levy					1,497,134	-	1,497,134
Grants and contributions not restricted to specific programs					12,118	-	12,118
Unrestricted investment earnings					4,427	2,652	7,079
Miscellaneous					2,000	-	2,000
Transfers					(1,406,688)	1,406,688	-
Total general revenues and transfers					7,160,009	1,409,340	8,569,349
Change in net position					2,578,899	41,361	2,620,260
Net position - beginning (deficit)					(8,842,859)	(476,521)	(9,319,380)
Net position - ending (deficit)					\$ (6,263,960)	\$ (435,160)	\$ (6,699,120)

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

**LOVELAND CLASSICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS

Cash and investments	\$ 4,098,911
Restricted cash and investments	150,312
Receivables	386,564
Prepays	73,879
	73,879

Total Assets	\$ 4,709,666
	4,709,666

LIABILITIES

Accounts payable and other accrued liabilities	\$ 280,466
Accrued salaries and benefits	247,933
Unearned revenue	4,187
	4,187

Total Liabilities	532,586
	532,586

FUND BALANCE

Non-spendable	73,879
Restricted for:	
TABOR	275,000
Repair and replacement	150,312
Unassigned	3,677,889
	3,677,889

Total Fund Balance	4,177,080
	4,177,080

Total Liabilities and Fund Balance	\$ 4,709,666
	4,709,666

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

**LOVELAND CLASSICAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
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	\$	4,177,080
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		413,330
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Compensated absences	\$	(56,113)
Net pension liability		(10,102,525)
Pension outflows		3,792,514
Pension inflows		(4,089,041)
Net OPEB liability		(367,343)
OPEB outflows		86,433
OPEB inflows		(118,295)
		(10,854,370)
Total Net Position of Governmental Activities	\$	(6,263,960)

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

LOVELAND CLASSICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	
Local sources	\$ 1,588,745
State sources	7,533,822
Federal sources	<u>639,543</u>
Total revenues	<u>9,762,110</u>
 EXPENDITURES	
Instruction	5,194,503
Supporting services	<u>3,629,182</u>
Total expenditures	<u>8,823,685</u>
Net change in fund balance	938,425
Fund balance, beginning	<u>3,238,655</u>
Fund balance, ending	<u><u>\$ 4,177,080</u></u>

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

**LOVELAND CLASSICAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
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	\$	938,425
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital outlays	\$ 59,467		
Depreciation	<u>(168,935)</u>		(109,468)

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year. (56,113)

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	\$ 1,798,709		
OPEB expenses	<u>7,346</u>		<u>1,806,055</u>

Change in Net Position of Governmental Activities	\$	<u><u>2,578,899</u></u>
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The accompanying notes are an integral part of these financial statements.

LOVELAND CLASSICAL SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Building Corporation</u>
ASSETS	
Current Assets:	
Restricted cash and cash equivalents	<u>\$ 2,402,214</u>
Noncurrent Assets:	
Capital assets not being depreciated	1,349,835
Capital assets, net of accumulated depreciation	<u>17,228,665</u>
Total noncurrent assets	<u>18,578,500</u>
Total assets	<u>20,980,714</u>
 LIABILITIES	
Current Liabilities:	
Accrued interest payable	490,719
Loan payable - current portion	<u>425,000</u>
Total current liabilities	<u>915,719</u>
Noncurrent Liabilities:	
Loan payable	<u>20,500,155</u>
Total liabilities	<u>21,415,874</u>
 NET POSITION	
Net investment in capital assets	(2,346,655)
Restricted for debt service	<u>1,911,495</u>
Total net position (deficit)	<u>\$ (435,160)</u>

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

LOVELAND CLASSICAL SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Building Corporation
OPERATING REVENUES	
Rental income	\$ 1,406,688
Total operating revenues	1,406,688
OPERATING EXPENSES	
Purchased services	558
Interest expense	957,632
Total operating expenses	958,190
Net operating income (loss)	448,498
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,652
Depreciation expense	(409,789)
Total non-operating revenues (expenses)	(407,137)
Change in net position	41,361
Net position - beginning (deficit)	(476,521)
Net position - ending (deficit)	\$ (435,160)

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

**LOVELAND CLASSICAL SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Building Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease payments received	\$ 1,406,688
Payments for purchased services	(558)
Loan interest payments	<u>(986,688)</u>
Net cash provided (used) by operating activities	419,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loan principal payments	(280,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>2,652</u>
Net increase (decrease) in cash and cash equivalents	142,094
Cash and cash equivalents, beginning	<u>2,260,120</u>
Cash and cash equivalents, ending	<u><u>\$ 2,402,214</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 448,498
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Amortization expense	(23,806)
Changes in assets and liabilities:	
<i>Increase (decrease) in:</i>	
Interest payable	<u>(5,250)</u>
Net cash provided (used) by operating activities	<u><u>\$ 419,442</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Loveland Classical Schools (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Thompson School District R2-J (the “District”). The School began operations in the Fall of 2011, and currently operates two campuses.

The financial statements of Loveland Classical Schools have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. 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.

The School includes the Loveland Classical Schools Building Corporations (the “Corporation”) within its reporting entity. The Corporation was organized to lease and hold title to property and otherwise act to facilitate the operations of the School. The Corporation is blended into the School’s financial statements as an enterprise fund and does not issue separate financial statements.

The School is a component of the District. The School’s charter was authorized by the District and the majority of the School’s funding is provided by the District.

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, while business-type activities incorporate data from Loveland Classical School’s Proprietary fund. Separate financial statements are provided for governmental funds and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided or used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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 per pupil revenue and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 emphasis of fund financial statements is on major funds, each displayed in a separate column. 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.

The School reports the following major proprietary fund:

The *Building Corporation* is the fund used to account for the financial activities of the Corporation, which are primarily related to capital assets and the related debt service.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Education Center's enterprise fund are rental charges for the school buildings. Operating expenses for the Foundation include purchased services and interest expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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.

LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 flows. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues 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 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, 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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Receivables

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

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets or remaining period of the lease, as applicable.

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

Buildings	40 - 50 years
Buildings improvements	3 years
Equipment	5 years

Accrued Salaries and Benefits

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

Unearned Revenues

Unearned revenues represent resources received by the School before it has a legal claim to them, including tuition and fees.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

Long-Term Debt

In the government-wide financials statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using straight-line method.

Pensions

Loveland Classical Schools 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

Loveland Classical Schools 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.

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE (CONTINUED)*

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.

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all per pupil revenue.

Compensated absences

It is the School's policy to permit employees to accumulate sick/vacation time. Accrued sick/vacation time is insignificant; therefore, a liability for these benefits has not been reflected in these financial statements.

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.

Budgets are required by Colorado State Statute for all funds. 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. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. 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. The variances between budget and actual may 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.

LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits	\$ 270,053
Investments	<u>6,381,384</u>
Total	<u>\$ 6,651,437</u>

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

Cash and investments	\$ 4,098,911
Restricted cash and investments	<u>2,552,526</u>
Total	<u>\$ 6,651,437</u>

Cash deposits with financial institutions

Custodial credit risk—deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School’s deposits at June 30, 2021 was \$270,053 and the bank balances were \$371,598. Of the bank balances, \$250,000 was covered by federal deposit insurance and \$121,598 was uninsured but collateralized in accordance with the provisions of the PDPA. The collateral is pooled and held in trust for all uninsured deposits as a group.

Investments

The School is authorized by Colorado statutes to invest in the following:

- ◆ 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
ColoTrust	\$ 6,381,384	Less than 60 days

LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District has invested in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is a AAA rated investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

Interest Rate Risk: State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. The school does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. ColoTrust are rated AAA by Standard and Poor's and maintain a constant net asset value of \$1 per share.

Restricted Cash and Investments

At June 30, 2021, the General Fund reported restricted cash of \$150,312 for building repair and replacement in accordance with the School's charter agreement. In addition, the Corporation had restricted cash of \$2,402,214 for future debt service, as required by its loan agreement.

LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated:				
Construction in process	\$ -	\$ 49,609	\$ -	\$ 49,609
Capital assets, being depreciated:				
Leasehold improvements	778,965	-	-	778,965
Equipment	<u>132,951</u>	<u>9,858</u>	-	<u>142,809</u>
Total capital assets, being depreciated	<u>911,916</u>	<u>9,858</u>	-	<u>921,774</u>
Less accumulated depreciation for:				
Leasehold improvements	(279,862)	(154,305)	-	(434,167)
Equipment	<u>(109,256)</u>	<u>(14,630)</u>	-	<u>(123,886)</u>
Total accumulated depreciation	<u>(389,118)</u>	<u>(168,935)</u>	-	<u>(558,053)</u>
Total capital assets being depreciated, net	<u>522,798</u>	<u>(159,077)</u>	-	<u>363,721</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 522,798</u>	<u>\$ (109,468)</u>	<u>\$ -</u>	<u>\$ 413,330</u>
<i>Business-type Activities</i>				
Capital assets, not being depreciated:				
Land	\$ 1,349,835	\$ -	\$ -	\$ 1,349,835
Capital assets, being depreciated:				
Buildings	18,972,708	-	-	18,972,708
Less accumulated depreciation	<u>(1,334,254)</u>	<u>(409,789)</u>	-	<u>(1,744,043)</u>
Total capital assets being depreciated, net	<u>17,638,454</u>	<u>(409,789)</u>	-	<u>17,228,665</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 18,988,289</u>	<u>\$ (409,789)</u>	<u>\$ -</u>	<u>\$ 18,578,500</u>

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

Supporting services	<u>\$ 168,935</u>
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**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – LONG-TERM DEBT

2016 Building Loan

On August 1, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$20,820,000 Charter School Revenue Bonds, Series 2016. Bond proceeds were loaned to the Corporation to acquire the School’s existing educational facilities and to finance the purchase of a second parcel of land and construct educational facilities thereon. The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities. The Building Corporation is required to make equal lease payments to the trustee, for payment of the bonds. Interest accrues on the outstanding balance of the bonds at rates ranging from 3.75% to 5% per annum, and is payable semi-annually on January 1 and July 1. Principal is payable annually on July 1, from 2019 through 2046.

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 425,000	\$ 973,469
2023	440,000	957,250
2024	460,000	940,375
2025	475,000	922,844
2026	495,000	904,656
2027-2031	2,795,000	4,169,437
2032-2036	3,560,000	3,382,500
2037-2041	4,545,000	2,373,625
2042-2046	5,795,000	1,087,625
2047	<u>1,340,000</u>	<u>33,500</u>
Total	<u>\$ 20,330,000</u>	<u>\$ 15,745,281</u>

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
Compensated absences	<u>\$ -</u>	<u>\$ 56,113</u>	<u>\$ -</u>	<u>\$ 56,113</u>	<u>\$ -</u>
<i>Business-type Activities</i>					
2016 Building loan	20,610,000	-	280,000	20,330,000	425,000
Premium	<u>618,961</u>	<u>-</u>	<u>23,806</u>	<u>595,155</u>	<u>-</u>
Total	<u>\$ 21,228,961</u>	<u>\$ -</u>	<u>\$ 303,806</u>	<u>\$ 20,925,155</u>	<u>\$ 425,000</u>

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Loveland Classical Schools 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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, Loveland Classical Schools 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 Loveland Classical Schools is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Loveland Classical Schools were \$700,765 for the year ended June 30, 2021.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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 Loveland Classical Schools proportion of the net pension liability was based on Loveland Classical Schools 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 Loveland Classical Schools reported a liability of \$10,102,525 for its proportionate share of the net pension liability. The amount recognized by the Loveland Classical Schools 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 Loveland Classical Schools were as follows:

Loveland Classical Schools proportionate share of the net pension liability	\$ 10,102,525
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Loveland Classical Schools	-
Total	\$ 10,102,525

At December 31, 2020, the Loveland Classical Schools proportion was 0.0668245580 percent, which was an increase of 0.0096819652 from its proportion measured as of December 31, 2019.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Loveland Classical Schools recognized pension expense of \$(1,798,709). At June 30, 2021, the Loveland Classical Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 555,084	\$ -
Changes of assumptions or other inputs	971,832	1,698,149
Net difference between projected and actual earnings on pension plan investments	-	2,223,796
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,911,836	167,096
Contributions subsequent to the measurement date	353,762	N/A
Total	\$ 3,792,514	\$ 4,089,041

\$353,762 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	\$ (1,050,347)
2023	880,919
2024	(130,045)
2025	(350,816)
2026	-
Thereafter	-

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%-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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 Loveland Classical Schools 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	\$ 13,780,672	\$ 10,102,525	\$ 7,037,417

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 Loveland Classical Schools 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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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 Loveland Classical Schools is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Loveland Classical Schools were \$35,955 for the year ended June 30, 2021.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
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 Loveland Classical Schools reported a liability of \$367,343 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 Loveland Classical Schools proportion of the net OPEB liability was based on Loveland Classical Schools 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 Loveland Classical Schools proportion was 0.0386585727 percent, which was an increase of 0.0013277539 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Loveland Classical Schools recognized OPEB expense of \$(7,346). At June 30, 2021, the Loveland Classical Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 80,760
Changes of assumptions or other inputs	2,745	22,525
Net difference between projected and actual earnings on OPEB plan investments	-	15,010
Changes in proportion and differences between contributions recognized and proportionate share of contributions	64,562	-
Contributions subsequent to the measurement date	18,151	N/A
Total	\$ 86,433	\$ 118,295

\$18,151 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	\$ (6,898)
2023	(4,797)
2024	(14,486)
2025	(16,934)
2026	(6,481)
Thereafter	(417)

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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.

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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 Loveland Classical Schools 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	\$357,849	\$367,343	\$378,396

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**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 Loveland Classical Schools 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	\$ 420,799	\$ 367,343	\$ 321,670

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.

**LOVELAND CLASSICAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 District carries commercial insurance for these risks of loss, and bills the School for its portion of coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

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 72% 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 affect on the financial position of the School.

NOTE 11 – 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 12 - 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 is a \$275,000 reservation of fund balance 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.

REQUIRED SUPPLEMENTARY INFORMATION

LOVELAND CLASSICAL SCHOOLS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's proportion of the net pension liability (asset)	0.0668245580%	0.0571425928%	0.0535853636%	0.0576267576%	0.0522608704%	0.0504539494%	0.0466479602%	0.0457822304%
School's proportionate share of the net pension liability (asset)	\$ 10,102,525	\$ 8,536,979	\$ 9,488,389	\$ 18,634,445	\$ 15,560,082	\$ 7,716,575	\$ 6,322,366	\$ 5,839,511
State's proportionate share of the net pension liability (asset) associated with the School	-	1,082,807	1,297,405	-	-	-	-	-
Total	<u>\$ 10,102,525</u>	<u>\$ 9,619,786</u>	<u>\$ 10,785,794</u>	<u>\$ 18,634,445</u>	<u>\$ 15,560,082</u>	<u>\$ 7,716,575</u>	<u>\$ 6,322,366</u>	<u>\$ 5,839,511</u>
School's covered payroll	\$ 3,573,871	\$ 3,358,059	\$ 2,945,875	\$ 2,658,254	\$ 2,345,561	\$ 2,198,772	\$ 1,954,215	\$ 1,845,627
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%

* 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.

LOVELAND CLASSICAL SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 700,765	\$ 700,937	\$ 591,530	\$ 531,673	\$ 450,935	\$ 411,319	\$ 341,247	\$ 303,298
Contributions in relation to the contractually required contribution	<u>(700,765)</u>	<u>(700,937)</u>	<u>(591,530)</u>	<u>(531,673)</u>	<u>(450,935)</u>	<u>(411,319)</u>	<u>(341,247)</u>	<u>(303,298)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 3,524,975	\$ 3,616,805	\$ 3,092,156	\$ 2,816,064	\$ 2,453,399	\$ 2,319,903	\$ 2,021,605	\$ 1,897,986
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* 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.

LOVELAND CLASSICAL SCHOOLS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability (asset)	0.0386585727%	0.0373308188%	0.0348307936%	0.0327433003%
School's proportionate share of the net OPEB liability (asset)	\$ 367,343	\$ 419,598	\$ 473,888	\$ 425,532
School's covered payroll	\$ 3,573,871	\$ 3,358,059	\$ 2,945,875	\$ 2,658,254
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%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%

* 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.

LOVELAND CLASSICAL SCHOOLS
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 35,955	\$ 36,892	\$ 31,540	\$ 28,720
Contributions in relation to the contractually required contribution	<u>(35,955)</u>	<u>(36,892)</u>	<u>(31,540)</u>	<u>(28,720)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 3,524,975	\$ 3,616,805	\$ 3,092,156	\$ 2,816,064
Contributions as a percentage of covered payroll	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.

See the accompanying independent auditors' report.

LOVELAND CLASSICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Taxes	\$ 1,189,197	\$ 1,189,197	\$ 1,497,134	\$ 307,937
Fees	37,125	24,604	24,243	(361)
Interest income	40,000	6,500	4,427	(2,073)
Pupil activities	57,000	52,000	48,823	(3,177)
Donations and grants	-	6,131	12,118	5,987
Other local revenue	-	2,000	2,000	-
	<u>1,323,322</u>	<u>1,280,432</u>	<u>1,588,745</u>	<u>308,313</u>
State sources:				
Per pupil revenue	7,325,649	6,972,302	7,051,018	78,716
Operating grants	272,754	206,586	195,345	(11,241)
Capital grants	240,430	273,901	287,459	13,558
	<u>7,838,833</u>	<u>7,452,789</u>	<u>7,533,822</u>	<u>81,033</u>
Federal sources:				
Operating grants	18,000	755,273	639,543	(115,730)
	<u>18,000</u>	<u>755,273</u>	<u>639,543</u>	<u>(115,730)</u>
Total revenues	<u>9,180,155</u>	<u>9,488,494</u>	<u>9,762,110</u>	<u>273,616</u>
EXPENDITURES				
Instruction				
Salaries	2,972,450	2,830,984	2,786,088	44,896
Benefits	1,042,384	943,438	880,025	63,413
Purchased services	1,081,561	1,074,607	951,238	123,369
Supplies	323,272	294,678	234,781	59,897
Property	58,000	593,228	342,372	250,856
Supporting services				
Salaries	894,200	905,400	892,654	12,746
Benefits	274,852	283,580	278,733	4,847
Purchased services	2,169,733	2,276,261	2,050,509	225,752
Supplies	165,487	330,951	295,721	35,230
Property	18,000	18,000	98,927	(80,927)
Other	8,000	8,125	12,637	(4,512)
Total expenditures	<u>9,007,939</u>	<u>9,559,252</u>	<u>8,823,685</u>	<u>735,567</u>
Net change in fund balances	172,216	(70,758)	938,425	1,009,183
Fund balance - beginning	<u>2,753,370</u>	<u>3,238,656</u>	<u>3,238,655</u>	<u>(1)</u>
Fund balance - ending	<u>\$ 2,925,586</u>	<u>\$ 3,167,898</u>	<u>\$ 4,177,080</u>	<u>\$ 1,009,182</u>

See the accompanying Independent Auditors' Report.