

UNION COLONY SCHOOLS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

**UNION COLONY SCHOOLS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
NOTES TO FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	45
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – UNION COLONY BUILDING CORPORATION	46
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	47
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	48
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS	49
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS	50
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	51
SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – STUDENT ACTIVITY FUND	52



INDEPENDENT AUDITORS' REPORT

Board of Directors
Union Colony Schools
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Union Colony Schools (the School), a component unit of Weld County School District 6, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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 from material misstatement.

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

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

Opinions

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

Emphasis of a Matter

Union Colony Schools adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. As a result of implementation of GASB Statement No. 84, the School reported a restatement of beginning net position and fund balance for the change in accounting principle, as described in Note 10 to the financial statements. Our opinion is not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, the budgetary comparison information on pages 45-46, and the pension and OPEB schedules on pages 47-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The budgetary comparison schedule of the student activity fund (the supplementary information) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



CliftonLarsonAllen LLP

Broomfield, Colorado
November 16, 2021

UNION COLONY SCHOOLS
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

As management of Union Colony Schools, an authorized charter school of Weld County School District 6 (the District), we offer readers of the Union Colony Schools financial statements this narrative overview and analysis of the financial activities of Union Colony Schools for the fiscal year ended June 30, 2021.

Financial Highlights

Key to the financial condition of the organization is the strength of the statement of net position disclosing amounts for assets, liabilities, deferred outflows and inflows of resources, and net position.

At the close of the fiscal year, Union Colony Schools (the School) experienced an increase of \$1,303,027 in net position. The change in the net pension liability and related deferred inflows of resources and deferred outflows of resources accounted for an increase in net position of \$2,518,653.

Total unrestricted cash and investments was \$3,157,694 at June 30, 2021, as compared to \$3,802,319 at June 30, 2020.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular the Union Colony Schools Board of directors and for the general public. The report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Required Supplementary Information. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements, which provide additional and more detailed information. Included as Required Supplementary Information is budget-to-actual information related to the School's General Fund, Union Colony Schools Building Corporation (blended component unit) and pension schedules as required under GASB Statement No. 68, further discussed in Note 8.

Government-wide Financial Statements

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information 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 during future fiscal periods.

UNION COLONY SCHOOLS
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

The government-wide financial statements can be found on pages 8-9 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, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports three funds: the general fund and two special revenue funds (Union Colony Schools Building Corporation and Student Activity Fund), which are governmental 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.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual appropriated budget for the general fund and the two special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 14-44.

UNION COLONY SCHOOLS
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Condensed Statement of Net Position

	June 30	
	2021	2020
Assets:		
Current Assets	\$ 4,737,687	\$ 5,977,743
Capital Assets	17,189,531	16,910,723
Total Assets	<u>21,927,218</u>	<u>22,888,466</u>
Deferred Outflows of Resources		
Deferred Charges on Refunding	22,424	23,130
OPEB	39,469	43,353
Pension Plan	3,316,515	1,337,580
Total Deferred Outflows of Resources	<u>3,378,408</u>	<u>1,404,063</u>
Liabilities:		
Current Liabilities	1,298,890	851,016
Noncurrent Liabilities	19,267,992	19,569,105
OPEB Liability	382,984	456,746
Net Pension Liability	10,536,752	9,290,587
Total Liabilities	<u>31,486,618</u>	<u>30,167,454</u>
Deferred Inflows of Resources		
OPEB	135,030	96,274
Pension Plan	4,384,554	6,170,438
Total Deferred Inflows of Resources	<u>4,519,584</u>	<u>6,266,712</u>
Net Position:		
Net Investment in Capital Assets	(1,188,640)	(1,771,364)
Restricted	1,585,550	2,454,435
Unrestricted	(11,113,673)	(12,824,708)
Total Net Position	<u>\$ (10,716,763)</u>	<u>\$ (12,141,637)</u>

The decrease in current assets relates to decrease in revenues relating to decreased enrollment as well as use of remaining debt proceeds for capital assets. The increase in capital assets is due to capital outlays exceeding depreciation expense in fiscal year 2021. The net pension liability and associated deferred outflows of resources and inflows of resources fluctuates based on the financial position of the Public Employee's Retirement Association of Colorado (PERA). The School is required to report its proportionate share of PERA's unfunded pension liability.

\$234,580 of net position is restricted to comply with the TABOR amendments and requirements from mill levy override revenue received from the District. Another \$1,350,970 is restricted related to debt service and capital project reserve requirements.

UNION COLONY SCHOOLS
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Condensed Statement of Activities

	Year Ended June 30,	
	2021	2020
Program Revenues:		
Operating Grants	\$ 1,388,184	\$ 733,154
Capital Grants	228,434	239,114
General Revenues:		
Per Pupil Funding	6,124,318	7,179,303
Mill Levy Override	693,958	780,962
Interest Income	16,117	60,303
Other Revenue	87,135	34,471
Total Revenues	<u>8,538,146</u>	<u>9,027,307</u>
Expenses:		
Instruction	2,933,051	3,372,933
Support Services	3,452,529	2,794,154
Interest and Fiscal Charges	849,539	860,993
Total Expenses	<u>7,235,119</u>	<u>7,028,080</u>
Change in Net Position	1,303,027	1,999,227
Net Position - Beginning of Year	<u>(12,003,603)</u>	<u>(14,140,864)</u>
Net Position - Ending	<u>\$ (10,700,576)</u>	<u>\$ (12,161,997)</u>

Operating grants increased significantly as the School received federal COVID-19 relief funding which was used to offset increased technology costs relating to remote learning. Per pupil funding decreased due to decreased student enrollment and decreases in the amount of revenue per student provided by the State and passed-through the District. Instruction expenses decreased in fiscal year 2020 based on the impact of the change in the actuarially calculated net pension liability. Interest and fiscal charges were consistent with the previous fiscal year. Total expenses increased \$207,039 in fiscal year 2021 compared to fiscal year 2020.

General Fund

The general fund is used to capture all operating activities of the School. As of the end of the current fiscal year, the School's general fund reported an ending fund balance of \$2,244,781, a decrease of \$1,225,207. The decrease in ending fund balance is related primarily to the decrease in revenues relating to a decrease in student FTE for fiscal year 2021. The School had increased costs relating to remote learning which was partially offset with federal COVID-19 relief funding passed through from Weld County School District #6.

General Fund Budgetary Highlights

Actual revenues recognized during fiscal year 2021 exceeded final budgeted revenues by \$320,541. The School reported actual expenditures exceeding final budgeted expenditures by \$648,039 in fiscal year 2021.

UNION COLONY SCHOOLS
An Authorized Charter School of Weld County School District 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Capital Asset and Debt Administration

Capital Assets: The School's capital assets as of June 30, 2021, amounts to \$17,189,531, net of depreciation. This investment in capital assets includes land, buildings, and building improvements. Additional information on the School's capital assets can be found in Note 3 of this report.

Long-term Debt: The Building Corporations carry total bonded debt outstanding of \$18,105,000. Additional information on long-term debt and the related facility leases can be found in Notes 4 and 5 of this report.

Economic Factors and Next Year's Budgets

Per pupil and State funding is expected to increase for the 2021-2022 school year as Colorado recovers from the financial impact of the COVID-19 pandemic. The School anticipates continued COVID-19 relief funding in the 2021-2022 fiscal year through the Elementary and Secondary School Emergency Relief Fund (ESSER). The School experienced a decrease in enrollment in fiscal year 2021 but anticipated enrollment increasing in fiscal year 2022 along with increasing operating costs. The initial General Fund budget for the 2021-2022 fiscal year projects budgeted revenues exceeding budgeted expenditures.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Angie Emmons, Finance Manager, Union Colony Schools, 2000 Clubhouse Drive, Greeley, Colorado 80634.

**UNION COLONY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 3,157,694
Restricted Cash and Investments	1,572,283
Accounts Receivable	1,350
Prepaid Items	6,360
Capital Assets, Not Being Depreciated	1,054,875
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>16,134,656</u>
Total Assets	21,927,218
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Refunding	22,424
OPEB Related Items	39,469
Pension Related Items	<u>3,316,515</u>
Total Deferred Outflows of Resources	3,378,408
LIABILITIES	
Accounts Payable	496,534
Accrued Salaries and Benefits	279,930
Accrued Interest	221,313
Noncurrent Liabilities:	
Due within One Year	301,113
Due in More Than One Year	19,267,992
OPEB Liability	382,984
Net Pension Liability	<u>10,536,752</u>
Total Liabilities	31,486,618
DEFERRED INFLOWS OF RESOURCES	
OPEB Related Items	135,030
Pension Related Items	<u>4,384,554</u>
Total Deferred Inflows of Resources	4,519,584
NET POSITION	
Net Investment in Capital Assets	(1,188,640)
Restricted:	
Emergencies	234,580
Debt Service	1,337,461
Capital Projects	13,509
Scholarships	16,187
Unrestricted	<u>(11,113,673)</u>
Total Net Position	<u><u>\$ (10,700,576)</u></u>

See accompanying Notes to Financial Statements.

**UNION COLONY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

		Program Revenues		Net (Expenses)
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Instructional	\$ 2,933,051	\$ 1,279,773	\$ -	\$ (1,653,278)
Support Services:				
Pupil and Instruction	944,847	-	-	(944,847)
General Administration	1,854,879	-	-	(1,854,879)
School Administration	58,279	-	-	(58,279)
Business Services	127,834	-	-	(127,834)
Maintenance and Operations	320,680	97,811	228,434	5,565
Food Services	2,700	-	-	(2,700)
Transportation	57,126	10,600	-	(46,526)
Other Supporting Services	86,184	-	-	(86,184)
Interest and Fiscal Charges	849,539	-	-	(849,539)
Total Government Activities	<u>\$ 7,235,119</u>	<u>\$ 1,388,184</u>	<u>\$ 228,434</u>	<u>\$ (5,618,501)</u>
GENERAL REVENUES				
Per Pupil Revenue				6,124,318
Mill Levy Override				693,958
Investment Income				16,117
Other				87,135
Total General Revenues				<u>6,921,528</u>
CHANGE IN NET POSITION				1,303,027
Net Position - Beginning of Year, as Restated				<u>(12,003,603)</u>
NET POSITION - ENDING				<u><u>\$ (10,700,576)</u></u>

See accompanying Notes to Financial Statements.

UNION COLONY SCHOOLS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Union Colony Schools Building Corporation	(Nonmajor) Student Activity Fund	Total
ASSETS				
Cash	\$ 3,010,236	\$ -	147,458	\$ 3,157,694
Restricted Cash and Investments	-	1,572,283	-	1,572,283
Accounts Receivable	-	-	1,350	1,350
Prepaid Items	6,360	-	-	6,360
Due From Other Funds	3,809	-	-	3,809
Total Assets	<u>\$ 3,020,405</u>	<u>\$ 1,572,283</u>	<u>\$ 148,808</u>	<u>\$ 4,741,496</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 495,694	\$ -	\$ 840	\$ 496,534
Accrued Salaries and Benefits	279,930	-	-	279,930
Due To Other Funds	-	-	3,809	3,809
Total Liabilities	<u>775,624</u>	<u>-</u>	<u>4,649</u>	<u>780,273</u>
FUND BALANCES				
Restricted				
Emergencies	234,580	-	-	234,580
Debt Service	-	1,558,774	-	1,558,774
Capital Projects	-	13,509	-	13,509
Scholarships	-	-	16,187	16,187
Assigned				
Student Activities	-	-	127,972	127,972
Unassigned	2,010,201	-	-	2,010,201
Total Fund Balances	<u>2,244,781</u>	<u>1,572,283</u>	<u>144,159</u>	<u>3,961,223</u>
Total Liabilities and Fund Balances	<u>\$ 3,020,405</u>	<u>\$ 1,572,283</u>	<u>\$ 148,808</u>	<u>\$ 4,741,496</u>

See accompanying Notes to Financial Statements.

**UNION COLONY SCHOOLS
RECONCILIATION OF THE BALANCE SHEET
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 - Governmental Funds	\$ 3,961,223
---	--------------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the fund.

The cost of the assets is \$20,525,256 and accumulated depreciation is \$3,335,725	17,189,531
---	------------

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities in
the funds. Long-term liabilities at year end consist of:

Accrued Interest	\$ (221,313)	
Bonds Payable	(18,105,000)	
Bond Premium, Net of Accumulated Amortization	(1,464,105)	
OPEB Liability	(382,984)	
Net Pension Liability	<u>(10,536,752)</u>	(30,710,154)

Loss on refunding does not require the use of current financial
and, therefore, is not reported as an expenditure in the
governmental funds.

Loss on Bond Refunding	22,424
------------------------	--------

Deferred outflows of resources used in governmental activities
are not financial resources and, therefore, are not reported in
the governmental funds.

Pension	3,316,515
OPEB	39,469

Deferred inflows of resources used in governmental activities
are not financial resources and, therefore, are not reported in
the governmental funds.

Pension	(4,384,554)
OPEB	<u>(135,030)</u>

Total Net Position	<u><u>\$ (10,700,576)</u></u>
--------------------	-------------------------------

UNION COLONY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Union Colony Schools Building Corporation	(Nonmajor) Student Activity Fund	Total
REVENUES				
Per Pupil Funding	\$ 6,124,318	\$ -	\$ -	\$ 6,124,318
Rental Income	-	1,142,275	-	1,142,275
State and Federal Sources	1,178,264	-	-	1,178,264
Local Sources	1,132,312	-	47,828	1,180,140
Interest Income	14,228	1,889	-	16,117
Other Income	39,307	-	-	39,307
Total Revenues	<u>8,488,429</u>	<u>1,144,164</u>	<u>47,828</u>	<u>9,680,421</u>
EXPENDITURES				
Current:				
Instruction	4,211,455	-	41,703	4,253,158
Support Services:				
Pupil and Instruction	944,847	-	-	944,847
General Administration	2,619,812	-	-	2,619,812
School Administration	58,279	-	-	58,279
Business Services	127,834	-	-	127,834
Maintenance and Operations	1,462,955	-	-	1,462,955
Food Services	2,700	-	-	2,700
Transportation	31,895	-	-	31,895
Other Supporting Services	86,184	-	-	86,184
Capital Outlay	167,675	601,100	-	768,775
Debt Service:				
Principal	-	245,000	-	245,000
Interest and Fiscal Charges	-	897,396	-	897,396
Total Expenditures	<u>9,713,636</u>	<u>1,743,496</u>	<u>41,703</u>	<u>11,498,835</u>
NET CHANGE IN FUND BALANCE	(1,225,207)	(599,332)	6,125	(1,818,414)
Fund Balance - Beginning, as Restated	<u>3,469,988</u>	<u>2,171,615</u>	<u>138,034</u>	<u>5,779,637</u>
FUND BALANCE - ENDING	<u>\$ 2,244,781</u>	<u>\$ 1,572,283</u>	<u>\$ 144,159</u>	<u>\$ 3,961,223</u>

See accompanying Notes to Financial Statements.

**UNION COLONY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

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

Net Change in Fund Balance - Governmental Fund	\$ (1,818,414)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	
Capital Outlay	768,775
Depreciation Expense	(489,967)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long term debt and related items.	
Retirement of Principal	245,000
Retirement of Premium	46,113
Loss on Refunding	(706)
Interest is paid when due in the governmental funds but recorded when payable in the statement of activities	2,450
Some items 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. The (increases) decreases in these activities consist of:	
OPEB Expense	31,123
Pension Expense	2,518,653
Change in Net Position	<u>\$ 1,303,027</u>

See accompanying Notes to Financial Statements.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union Colony Schools (the School) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following is a summary of the Schools' significant accounting policies:

Reporting Entity

GASB has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools". Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the District Board of Education must approve all charter school applications and budgets.

Union Colony Schools is comprised of two schools, the Preparatory School and the Elementary School. The two schools were combined under a single charter granted by the District in 2015. The Elementary School opened in 2012. The Preparatory School opened in 1997 and operated by purchasing administrative and instructional services through Weld School District 6. The Preparatory School began operations as an incorporated school in 2007. The School has been granted 501(c)(3) status by the Internal Revenue Service.

The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2020), there were 755 FTE students enrolled in the School. The PPR rate for the fiscal year ended June 30, 2021, was approximately \$8,000 based on the mix of student in each grade.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. The Blended component unit, although a legally separate entity, is, in substance, part of the School's operations. The Union Colony Schools Building Corporation (the Building Corporation) meets the requirements for blending.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Building Corporation was established for the purpose of owning the school facilities and to accumulate resources from the collection of rents from the School to make payments for the Building Corporation's capital and debt service costs. The Building Corporation does not issue separate financial statements.

The School is a component unit of the District and is included in the District's Annual Comprehensive Financial Report.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Measurable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On-Behalf Payments – GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to \$225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. House Bill 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, therefore the School did not record on-behalf payments for fiscal year 2021.

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

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Government Funds

General Fund: The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue – Union Colony Schools Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Union Colony Schools Building Corporation.

The School reports the following additional fund types:

Nonmajor Government Funds

Special Revenue – Student Activity Fund: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Student Activity Fund.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds.

Capital Assets

Capital assets, which include land, buildings, and building improvements, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506).

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 10 to 50 years.

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School reports deferred outflows of resources relating to its proportionate share of the net pension liability and net OPEB liability. See Note 8 and 9 for additional information. The School also reports a deferred charge on refunding resulting from the difference in the carrying value of the refunded debt and the reacquisition price.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$279,930.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2021. The School is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School reports deferred inflows of resources relating to its proportionate share of the net pension liability and net OPEB liability. See Note 8 and 9 for additional information.

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balances in the School's General Fund indicate amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's General Fund balance are described in Note 7. Restrictions on the Building Corporation are described in Note 7.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Assigned fund balances indicate amounts for governmental funds, other than the General Fund, any remaining positive amounts not classified in the above categories. For the General Fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Finance Manager. The School has \$144,159 of assigned balance in the Student Activity Fund to be used by students for certain student activities.

Unassigned fund balances indicate amounts in the General Fund that are not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. When both unassigned and committed or assigned resources are available for use, it is the School's policy to use committed, then assigned resources first, then unassigned resources as needed.

NOTE 2 CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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. At June 30, 2021, the School's carrying amount of deposits was \$3,157,694.

Building Corporations

The bonds require the Building Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly rent payments from the School (Note 5) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

At June 30, 2021, \$1,558,774 is held in reserved accounts required by the bond agreements, which is to be used for payment of principal and interest on the bonds. The remaining \$13,509 of investments held by the Building Corporation is original bond proceeds to be used on future capital expenditures.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk – The School does not hold investments. The cash and investment reserve accounts owned by the Building Corporation are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by the Building Corporation; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to include:

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

At June 30, 2021, the Building Corporations' investments consisted of an investment in an external investment pool, the Colorado Surplus Asset Fund Trust (CSAFE). There was \$1,572,283 invested with CSAF shown at amortized cost. CSAF is a trust established by local Colorado government entities in 1988. Purchases and redemption are available daily at a net asset value (NAV) of \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. CSAF is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Interest Rate Risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis. The money market funds held in investments have maturities of less than one year.

The following is a reconciliation of cash and investments from this note to the basic financial statements:

Cash and investments at June 30, 2021 consisted of the following:

Cash - Governmental Activities	\$ 3,157,694
Restricted Cash and Investments - Governmental Activities	1,572,283
Total	<u>\$ 4,729,977</u>

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CAPITAL ASSETS

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

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets, Not Depreciated				
Land	\$ 1,054,875	\$ -	\$ -	\$ 1,054,875
Construction in Progress	139,062	-	139,062	-
Total Capital Assets, Not Being Depreciated	1,193,937	-	139,062	1,054,875
Capital Assets, Being Depreciated				
Buildings and Building Improvements	18,110,054	814,770	-	18,924,824
Furniture and Equipment	215,990	-	-	215,990
Vehicles	236,500	93,067	-	329,567
Total Capital Assets, Being Depreciated	18,562,544	907,837	-	19,470,381
Accumulated Depreciation:				
Buildings and Building Improvements	(2,601,819)	(434,887)	-	(3,036,706)
Furniture and Equipment	(127,878)	(29,849)	-	(157,727)
Vehicles	(116,061)	(25,231)	-	(141,292)
Total Accumulated Depreciation	(2,845,758)	(489,967)	-	(3,335,725)
Total Capital Assets, Being Depreciated, Net	15,716,786	417,870	-	16,134,656
Total Capital Assets	\$ 16,910,723	\$ 417,870	\$ 139,062	\$ 17,189,531

Depreciation expense of \$464,736 was charged to the instruction function of the School.
Depreciation expense of \$25,231 was charged to the transportation function of the School.

NOTE 4 BONDS PAYABLE

Long-term liability activity for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds Payable - Series 2018	18,350,000	-	(245,000)	18,105,000	255,000
Series 2018 Premium	1,510,218	-	(46,113)	1,464,105	46,113
Total	\$ 19,860,218	\$ -	\$ (291,113)	\$ 19,569,105	\$ 301,113

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 BONDS PAYABLE (CONTINUED)

Union Colony Preparatory Building Corporation – Bonds Payable Series 2018

On March 22, 2018, the Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds as the Union Colony School Project. The bonds were issued for the Union Colony Schools Building Corporation's use in refunding previous debt and funding capital improvements to the existing school buildings. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation.

The bonds are payable solely from the loan rights pledged to the Authority under the loan agreement, pledges of funds and revenue by the Trustee to the Authority, and the assignment of the Authority's mortgage on the facility and the security interest in the pledged revenues of the Building Corporation. The bonds do not constitute a debt of the Authority and are considered the obligation of the Building Corporation.

Union Colony Schools Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 5. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$39,747,201. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2021, \$1,142,275.

The Charter School Refunding Revenue Bonds dated April 1, 2018, due in annual installments ranging from \$235,000 to \$1,100,000 through April 2053; interest (rate is 4.00-5.00%) payable semi-annually on April 1 and October 1. Future debt payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 255,000	\$ 885,250	\$ 1,140,250
2023	265,000	875,050	1,140,050
2024	275,000	864,450	1,139,450
2025	285,000	853,450	1,138,450
2026	295,000	842,050	1,137,050
2027 - 2031	1,680,000	4,013,050	5,693,050
2032 - 2036	2,135,000	3,559,750	5,694,750
2037 - 2041	2,740,000	2,968,500	5,708,500
2042 - 2046	3,520,000	2,209,250	5,729,250
2047 - 2051	4,510,000	1,235,250	5,745,250
2052 - 2053	2,145,000	162,250	2,307,250
Total	<u>\$ 18,105,000</u>	<u>\$ 18,468,300</u>	<u>\$ 36,573,300</u>

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LEASES

The School leases its preparatory and elementary school buildings from the Union Colony Schools Building Corporation. The lease requires monthly payments, which approximate the Building Corporation's required payments on the bonds (Note 4) and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense was \$1,142,275 for the year ended June 30, 2021, and is included in maintenance and operations expenditures.

The lease between the School (lessee) and Union Colony Preparatory and Elementary Building Corporation (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. Management believes the School is in compliance with the covenants.

NOTE 6 RISK MANAGEMENT

The school is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss. Settled claims have not exceeded this coverage in the past three years.

NOTE 7 RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue. The 3% emergency reserve is still required both at the District and the School level. At June 30, 2021, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance in the amount of \$234,580.

The Building Corporation is required to hold funds in escrow accounts related to the bond obligations as identified in Note 2. Fund balance is restricted attributable to the restrictions on its cash and investments.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions

The School 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.

General Information about the Pension Plan

Plan Description

Eligible employees of the School 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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as 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% 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% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 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 the School 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% 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 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 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$770,778 for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the School reported a liability of \$10,536,752 for its proportionate share of the net pension liability.

At December 31, 2020, the School's proportion was 0.069696809%, which was an increase of 0.007509914% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized pension expense of (\$2,916,451). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 578,942	\$ -
Changes of Assumptions or Other Inputs	1,013,603	1,771,139
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	2,319,379
Changes in Proportion and Differences Between Contributions		
Recognized and Proportionate Share of Contributions	1,326,171	294,036
Contributions Subsequent to the Measurement Date	397,799	-
Total	<u>\$ 3,316,515</u>	<u>\$ 4,384,554</u>

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$397,799 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (1,547,626)
2023	675,317
2024	(227,634)
2025	(365,895)

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 ¹	7.25%
Future post-retirement benefit increases	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25% Compounded Annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40 - 11.00%
Long-Term Investment Rate of Return, Net of Pension Plan	
Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	1.25% Compounded Annually Annually
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

Discount Rate

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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, 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 direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%. There was no change in the discount rate from the prior measurement date.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 14,372,992	\$ 10,536,752	\$ 7,339,899

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 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (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.

General Information about the OPEB Plan

Plan Description

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

DPS Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$39,547 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$382,984 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 School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the School's proportion was 0.0430451476%, which was an increase of 0.0024092660% from its proportion measured as of December 31, 2019.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For the year ended June 30, 2021, the School recognized OPEB expense of \$(51,413). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,016	\$ 84,198
Changes of Assumptions or Other Inputs	2,862	23,484
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	15,649
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	15,300	11,699
Contributions Subsequent to the Measurement Date	20,291	-
Total	<u>\$ 39,469</u>	<u>\$ 135,030</u>

\$20,291 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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (28,171)
2023	(25,982)
2024	(25,351)
2025	(24,984)
2026	(10,670)
Thereafter	(694)

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (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 the 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	
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% for 2020, gradually increasing to 4.50% in 2029

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

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Prescription	\$ 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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (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 used to measure the total OPEB liability are summarized in the table below:

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

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

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

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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%.

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

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

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

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

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

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

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

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

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

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

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

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

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

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	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%
Proportionate Share of the Net OPEB Liability	\$ 373,085	\$ 382,984	\$ 394,507

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- 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.

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 438,715	\$ 382,984	\$ 335,366

OPEB Plan Fiduciary Net Position

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

NOTE 10 RESTATEMENT OF FUND BALANCE AND NET POSITION

During the year ended June 30, 2021, the School adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of implementing this guidance, the School determined that the previously reported fiduciary funds for student activities and scholarship activities did not meet the updated guidance for fiduciary funds. These activities were reclassified to a special revenue fund. Beginning fund balance of the Student Activity Fund special revenue fund was restated to \$138,034. Net Position of the School has been restated by \$138,034 as a result of the reclassification of the Student Activity Fund and Scholarship Fund from fiduciary funds to a special revenue fund.

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Per Pupil Funding	\$ 6,621,960	\$ 6,050,164	\$ 6,124,318	\$ 74,154
State and Federal Sources	832,646	1,363,381	1,178,264	(185,117)
Local Sources	714,738	693,958	1,132,312	438,354
Interest Income	24,000	14,000	14,228	228
Other Income	35,915	46,385	39,307	(7,078)
Total Revenues	8,229,259	8,167,888	8,488,429	320,541
EXPENDITURES				
Current:				
Instruction	4,167,887	4,648,423	4,211,455	436,968
Support Services:				
Pupil and Instruction	979,527	938,514	944,847	(6,333)
General Administration	1,348,397	1,261,968	1,714,446	(452,478)
School Administration	60,100	60,100	58,279	1,821
Business Services	160,177	139,379	127,834	11,545
Food Services	3,000	3,000	2,700	300
Maintenance and Operations	1,473,438	1,467,438	1,462,955	4,483
Transportation	41,138	32,802	31,895	907
Other Supporting Services	61,091	82,081	86,184	(4,103)
Local Sources	243,500	426,892	905,366	(478,474)
Capital Outlay	-	5,000	167,675	(162,675)
Total Expenditures	8,538,255	9,065,597	9,713,636	(648,039)
NET CHANGE IN FUND BALANCE	(308,996)	(897,709)	(1,225,207)	(327,498)
Fund Balance - Beginning	3,732,322	3,469,988	3,469,988	-
FUND BALANCE - ENDING	<u>\$ 3,423,326</u>	<u>\$ 2,572,279</u>	<u>\$ 2,244,781</u>	<u>\$ (327,498)</u>

See accompanying Notes to Required Supplementary Information.

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – UNION COLONY SCHOOLS BUILDING CORPORATION
YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Rental Income	\$ 1,142,225	\$ 1,142,275	\$ 50
Interest Income	1,889	1,889	-
Total Revenues	<u>1,144,114</u>	<u>1,144,164</u>	<u>50</u>
EXPENDITURES			
Capital Outlay	601,101	601,100	1
Debt Service	<u>897,396</u>	<u>1,142,396</u>	<u>(245,000)</u>
Total Expenditures	<u>1,498,497</u>	<u>1,743,496</u>	<u>(244,999)</u>
NET CHANGE IN FUND BALANCE	(354,383)	(599,332)	(244,949)
Fund Balance - Beginning	<u>-</u>	<u>2,171,615</u>	<u>2,171,615</u>
FUND BALANCE - ENDING	<u><u>\$ (354,383)</u></u>	<u><u>\$ 1,572,283</u></u>	<u><u>\$ 1,926,666</u></u>

See accompanying Notes to Required Supplementary Information.

**UNION COLONY SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS***

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
School's Proportion of the Net Pension Liability	0.069696809%	0.062186895%	0.060969017%	0.068080651%	0.071237304%	0.070481609%	0.066344203%	0.067594199%
School's Proportionate Share of the Net Pension Liability	\$ 10,536,752	\$ 9,290,587	\$ 10,795,817	\$ 22,014,863	\$ 21,210,100	\$ 10,779,664	\$ 8,991,868	\$ 8,621,622
State's Proportionate Share of the Net Pension Liability associated with the School **	-	1,178,393	1,476,178	-	-	-	-	-
Total	<u>\$ 10,536,752</u>	<u>\$ 10,468,980</u>	<u>\$ 12,271,995</u>	<u>\$ 22,014,863</u>	<u>\$ 21,210,100</u>	<u>\$ 10,779,664</u>	<u>\$ 8,991,868</u>	<u>\$ 8,621,622</u>
Covered Payroll	3,727,144	3,670,706	3,351,758	3,140,480	3,197,258	3,094,834	2,779,344	2,725,062
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	282.7%	253.1%	322.1%	701.0%	663.4%	348.3%	323.5%	316.4%
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%	62.8%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. House Bill 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, therefore the State does not have a proportionate share of the net pension liability for 2021.

**UNION COLONY SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE OPEB LIABILITY
LAST 10 FISCAL YEARS***

Fiscal Year	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.0430451476%	0.0406358816%	0.0396301917%	0.0386831716%	0.0404921371%
School's Proportionate Share of the Collective Net OPEB Liability	\$ 382,984	\$ 456,746	\$ 539,185	\$ 502,726	\$ 524,994
Covered-Employee payroll	\$ 3,727,144	\$ 3,670,706	\$ 3,351,758	\$ 3,140,480	\$ 3,197,258
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	10.28%	12.44%	16.09%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

UNION COLONY SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 770,778	\$ 722,850	\$ 674,243	\$ 600,724	\$ 584,468	\$ 557,889	\$ 498,097	\$ 445,731
Contributions in Relation to the Contractually Required Contribution	<u>770,778</u>	<u>722,850</u>	<u>674,243</u>	<u>600,724</u>	<u>584,468</u>	<u>557,889</u>	<u>498,097</u>	<u>445,731</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 3,877,145	\$ 3,729,875	\$ 3,542,330	\$ 3,181,539	\$ 3,180,750	\$ 3,146,451	\$ 2,949,495	\$ 2,793,094
Contributions as a Percentage of Covered Payroll	19.9%	19.4%	19.0%	18.9%	18.4%	17.7%	16.9%	16.0%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier than 2014 was not available.

UNION COLONY SCHOOLS
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS*

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contributions	\$ 39,547	\$ 38,045	\$ 36,132	\$ 32,452	\$ 32,444	\$ 32,094	\$ 30,085	\$ 28,490
Contributions in Relation to the Statutorily Required Contribution	<u>39,547</u>	<u>38,045</u>	<u>36,132</u>	<u>32,452</u>	<u>32,444</u>	<u>32,094</u>	<u>30,085</u>	<u>28,490</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 3,877,145	\$ 3,729,875	\$ 3,542,330	\$ 3,181,539	\$ 3,180,750	\$ 3,146,451	\$ 2,949,495	\$ 2,793,094
Contribution as a Percentage of Covered-Employee Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier than 2014 was not available.

UNION COLONY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to obtain comments and recommendations from parents and other members of the public.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget for the General Fund as adopted by the School's Board of Directors on January 16, 2021. The Building Corporation final budget were adopted by the board on June 20, 2020. The Student Activity Fund final budget were adopted by the board on June 20, 2020 and is shown as supplementary information.
- h) All appropriations lapse at the end of each fiscal year.

For the year ended June 30, 2021, the School recorded expenditures of \$648,039 in the General Fund, \$244,999 in the Building Corporation, and \$41,703 in the Student Activity Fund in excess of the amount budgeted for each respective fund. This may be a violation of Colorado budget law.

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Local Sources	\$ -	\$ 47,828	\$ 47,828
Total Revenues	-	47,828	47,828
EXPENDITURES			
Instruction	-	41,703	(41,703)
Total Expenditures	-	41,703	(41,703)
NET CHANGE IN FUND BALANCE	-	6,125	6,125
Fund Balance - Beginning	16,687	138,034	121,347
FUND BALANCE - ENDING	<u>\$ 16,687</u>	<u>\$ 144,159</u>	<u>\$ 127,472</u>