

**GOAL ACADEMY**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

For the Year Ended June 30, 2021

**GOAL ACADEMY**  
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**JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
GOAL Academy

We have audited the accompanying financial statements of the governmental activities and each major fund of GOAL Academy, a component unit of El Paso County Colorado School District 49, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

***Other-Matters***

*Required Supplementary Information*

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

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
September 15, 2021



**Guided Online Academic Learning Academy  
(GOAL)**

**Roster of Board Officers  
June 30, 2021**

**Ted Del Duca, President  
Nicolas Jimenez, Vice President  
Luis Contreras, Treasurer  
Jeremiah Heiser, Secretary  
Gerald Gatlin, Board Member**

**School Administrator**

**Constance Jones, PhD  
Chief Executive Officer**

**GUIDED ONLINE ACADEMIC LEARNING ACADEMY (GOAL)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

As management of the Guided Online Academic Learning Academy (**GOAL**) charter school (the School), we offer readers of the School's annual financial report this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the annual financial report.

**Financial Highlights**

- Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions* was implemented by the School during the fiscal year ended June 30, 2015 and continues to significantly impact the School's government-wide statements. GASB 68 revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The School provides its employees with pension benefits through a multiple employer cost-sharing defined retirement program administered by the Public Employees' Retirement Association of Colorado (PERA).
- Among other requirements, the School is required to report the proportionate share of the total PERA net pension liability (NPL) in its government-wide statements. The School's share of the PERA NPL is \$62.2 million as of June 30, 2021. Inclusion of this figure in the government-wide financial statements does not indicate that the School has an obligation to pay the amount shown. The School's liability is limited to the annually required contributions established by the State Legislature.
- Governmental Accounting Standards Board No.75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, revised and established financial reporting requirements for governments that provide their employees with other post employment benefits (OPEB). The School provides its employees with OPEB through the Health Care Trust Fund (HCTF), a cost-sharing multiple employer defined benefit OPEB plan administered by PERA.
- Similar to GASB 68, GASB 75 requires the School to report its proportionate share of the total PERA HCTF net OPEB liability in its government-wide financial statements. The School's share of the PERA HCTF net OPEB liability is \$2.3 million as of June 30, 2021.
- Fund level statements, including the General Fund statements, are not impacted by GASB 68 and GASB 75 reporting.
- The net position of the School's governmental activities increased by \$6.1 million during fiscal year 2020-2021 with an ending net deficit position of \$31.8 million. The liabilities and deferred inflows of resources exceeded the assets and deferred outflows due to the effect of GASB 68.
- The net position of the School governmental activities includes \$1.9 million net investment in capital assets, net position of \$1.3 million restricted for required emergency reserves, and restricted donations and an unrestricted net position negative balance of \$35 million. Total assets increased \$751,018 which represents a 3% increase from 2020. Cash increased \$1.1 million and capital assets decreased \$391,262.
- As of June 30, 2021 fund balance for the General Fund increased by \$1.1 million resulting in the School's governmental funds ending fund balance of \$20.4 million.

## **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the School's basic financial statements. GOAL's basic financial statements consist of the following three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements which provide additional detailed information. In addition to the basic financial statements this report also contains required supplementary information.

### **Government-Wide Financial Statements**

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

The *statement of net position* presents information about all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is 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 current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements distinguish functions of the School that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include costs of running a ninth through twelfth grade charter school.

### **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 Fund financial statements provide more detailed information about the School's operations, focusing on its most significant funds, not the School as a whole. The School has a general fund, which is a governmental fund.

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

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

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in government-wide and fund financial statements.

### **Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School. The School adopts an annual appropriated budget for the general

fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. Schedules are included to comply with GASB 68 reporting requirements.

### **Government-Wide Financial Analysis**

The assets of the School are classified as current assets and noncurrent assets. Cash, investments, receivables, inventories, and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School.

Capital assets are used in the operations of the School. Capital assets are land, improvements, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the analysis.

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period. This has a positive effect on net position, similar to assets.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2021-2022.

Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. This has a negative effect on net position, similar to liabilities.

Net position is the residual of all elements presented in a statement of financial position equal to assets plus deferred outflows less liabilities less deferred inflows.

**Net position.** As noted earlier, net position may serve over time as a useful indicator of the School's financial position. For GOAL Academy, total liabilities and deferred inflows of resources exceed assets and deferred outflows by \$31.8 million as of June 30, 2021 resulting in a negative net position. \$1,278,000 of these funds are restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment and \$29,743 of these funds are restricted for donations.

The following table reflects the Statement of Net Position as of June 30, 2021 and 2020:

### Comparative Statement of Net Position

	2021		2020
<b>Assets</b>			
Current and Other Assets	\$ 21,128,395	\$	19,986,115
Capital Assets	1,903,202		2,294,464
Total Assets	23,031,597		22,280,579
 Deferred Outflows of Resources	35,524,033		10,867,564
<b>Liabilities</b>			
Current Liabilities	711,192		664,194
Noncurrent Liabilities	64,500,315		44,801,071
Total Liabilities	65,211,507		45,465,265
 Deferred Inflows of Resources	25,180,356		25,590,193
 Net Position			
Investment in Capital Assets	1,903,202		2,294,464
Restricted	1,307,743		1,277,000
Unrestricted	(35,047,178)		(41,478,779)
Total Net Position	\$ (31,836,233)	\$	(37,907,315)

The School's total net position increased by \$6,071,082 in 2021.

At the end of the current fiscal year, the School reported a negative balance in unrestricted net position and positive balances in the other portions of net position. Deferred outflows of resources increased \$24.6 million over the prior year due to costs expected to be expensed in the future related to pensions and OPEB. A more involved explanation of the pension costs are included in the notes to the financial statements.

The following table reflects the School's changes in net position for the years ended June 30, 2021 and 2020:

### Comparative Statement of Activities

	2021	2020
<b>Revenues:</b>		
General Revenues:		
Per Pupil Revenue	\$ 41,674,980	\$ 40,164,462
Other	264,143	489,082
Program Revenues:		
Charges for Service	-	-
Operating Grants and Contributions	2,343,605	1,883,718
Capital Grants and Contributions	-	-
<b>Total Revenues</b>	44,282,728	42,537,262
<b>Expenses:</b>		
Governmental Activities:		
Instruction	16,449,765	16,662,047
Supporting Services	21,761,881	20,955,036
<b>Total Expenses</b>	38,211,646	37,617,083
<b>Change in Net Position</b>	6,071,082	4,920,179
Prior Period Adjustment, net	-	-
Net Position, beginning(deficit)	(37,907,315)	(42,827,494)
Net Position, ending (deficit)	\$ (31,836,233)	\$ (37,907,315)

Per pupil revenue accounts for 94% of the School's revenue. This revenue directly relates to the level of the School's enrollment. Per pupil revenue increased \$1,510,518 (3.8%) during the year due to an increase of 344 students over the prior year. The remainder of the revenue came from grants and miscellaneous revenue. Grants and contributions increased \$459,887 due to Federal funds received and utilized in direct response to the coronavirus pandemic.

The School's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance. Given that the School is a service organization providing educational services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the School's employees. The changes in expenses relate primarily to increases in the School's pension expense.

#### Financial Analysis of the School's Funds

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

#### Governmental fund

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

The General Fund is the principal operating fund of the School. General Fund revenues exceeded expenditures in the amount of \$1,095,282, thereby contributing to an increase in the fund balance for the year ended June 30, 2021. As of June 30, 2021 the total general fund balance was \$20,417,203. Approximately 44% of this total, \$9 million, constitutes unassigned fund balance.

The general fund balance increase of \$1.1 million during the current year is due to an increase of \$1.5 million in per pupil revenue as a result of an increase in enrollment over the prior year. Grant revenue increased \$ 459,887 in the current

year due to the receipt of \$888,685 of Coronavirus Relief Funds and \$246,835 of ESSER I – Elementary & Secondary School Emergency Relief Funds.

Revenues for the General Fund totaled \$44,321,928 in fiscal year 2021 compared to \$43,081,559 in fiscal year 2020, an increase of \$1.2 million. Student enrollment increased in 2020-2021 by 344 students. The increase in student count helped offset a decrease in state funding per pupil. The amount of per pupil finding per student decreased from \$8,154 per student in 2020 to \$ 7,843 per student in 2021. Overall expenditures increased \$2 million. Salaries and benefits increased due to additional staffing hired in the current year and for additional pay to employees for providing a summer school program in June of 2021. Healthcare costs increased significantly in the current year. Property expenditures decreased \$2.8 million from the prior year. Capital expenditures were put on hold due to budget cuts in the current year.

## **Budgetary Highlights**

The School's budget is prepared in accordance with Colorado State law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. During the year the School amended its budget primarily to reflect the following changes:

- The final (supplemental) budget adopted in June 2021 reflected a decrease of \$878,716 in total revenue. The original budget, developed in May of 2020, was based on an estimated student enrollment of 5,670. The actual funded October student count was 5,305, a shortfall of 365 students. The final impact on revenue was less due to an actual increase in the amount of funding per student received in December 2020.
- Budgeted salaries decreased a net amount of \$921,224 from the adopted budget as some positions were not filled due to the decrease in student count.

Actual General Fund revenue that was received during the 2021 fiscal year was \$44 million and actual expenditures were \$43 million which resulted in an increase in fund balance of \$1million. The School Board of Directors has assigned \$9 million of fund balance as a reserve amount intended to safeguard against unanticipated expenditures and/or a decrease in PPR funding.

## **Capital Assets and Debt Administration**

### **Capital Assets**

Capital assets include all capital outlays related to capital assets at the School. The School's investment in capital assets for its governmental activities at June 30, 2021, net of accumulated depreciation, totaled \$1,903,202, a net decrease of \$391,262 from 2020. The School reduced capital asset purchases in the current year due to decreased other revenue in 2021.

### **Debt Administration**

At the end of the current fiscal year, the School had no debt outstanding.

### **Leases**

The School has regional administrative offices in Pueblo, CO. The School additionally leases mall and unattached office spaces in the following locations to provide staff workspace and access for student support: Alamosa, Aurora, Brighton, Canon City, Clifton, Colorado Springs, Commerce City, Cortez, Craig, Durango, Fort Collins, Fort Morgan, Fountain, Grand Junction, Greeley, Lakewood, La Junta, Lamar, Longmont, Loveland, Montebello, Montrose, Pagosa Springs, Pueblo, Pueblo West, Sterling, Thornton, Trinidad, Walsenburg and Windsor. The site locations are drop-in centers where students may receive ad-hoc instructional tutoring, participate in periodic and annual testing, as well as receive technical support for their laptops and internet connection equipment.

### **Economic Factors**

The State's economic picture is very important to the School because state per pupil funds that are passed through from GOAL's authorizer, El Paso County School District 49, provides over 90% of the School's funding. The Board of Directors adopted the 21-22 budget that reflects an estimated enrollment of 5,550 students, a growth of 245 students over the prior year. The estimated per pupil funding is \$8,235 which is an of 5% over the prior year. The adopted 21-22 budget includes

estimated revenue of \$600,000 for ESSER II (Elementary & Secondary School Emergency Relief Fund) to be used on expenditures to address student loss of learning due to the impact of COVID-19. The School took a reasonable yet conservative approach when preparing the 2021-2022 budget to reduce the risk of a future funding shortfall. The 21-22 budget has been prepared with GOAL's mission and vision in mind, to create productive members of society in a caring, supportive and personalized environment.

### **Requests for Information**

This financial report is designed to provide a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Deb Morton, CPA, Chief Financial Officer, 304 S. Victoria Avenue, Pueblo, CO 81003.

## **BASIC FINANCIAL STATEMENTS**

**GOAL ACADEMY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,013,052
Receivables	825,030
Deposits	220,964
Prepays	69,349
Capital assets, net of accumulated depreciation	<u>1,903,202</u>
Total Assets	<u>23,031,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	34,516,527
Deferred OPEB outflows	<u>1,007,506</u>
Total Deferred Outflows of Resources	<u>35,524,033</u>
<b>LIABILITIES</b>	
Accounts payable and other accrued liabilities	711,192
Long-term liabilities	
Net pension liability	62,237,572
Net OPEB liability	<u>2,262,743</u>
Total Liabilities	<u>65,211,507</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	24,451,690
Deferred OPEB inflows	<u>728,666</u>
Total Deferred Inflows of Resources	<u>25,180,356</u>
<b>NET POSITION</b>	
Investment in capital assets	1,903,202
Restricted for:	
Donations	29,743
Emergencies	1,278,000
Unrestricted	<u>(35,047,178)</u>
Total Net Position (deficit)	<u><u>\$ (31,836,233)</u></u>

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

**GOAL ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 16,449,765	\$ -	\$ 2,342,402	\$ -	\$ (14,107,363)
Supporting services	21,761,881	-	1,203	-	(21,760,678)
Total governmental activities	<u>\$ 38,211,646</u>	<u>\$ -</u>	<u>\$ 2,343,605</u>	<u>\$ -</u>	<u>(35,868,041)</u>
General revenues:					
Per pupil revenue					41,674,980
District mill levy					189,120
Grants and contributions not restricted to specific programs					10,059
Unrestricted investment earnings					8,234
Miscellaneous					<u>56,730</u>
Total general revenues					<u>41,939,123</u>
Change in net position					6,071,082
Net position - beginning (deficit)					<u>(37,907,315)</u>
Net position - ending (deficit)					<u>\$ (31,836,233)</u>

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

**GOAL ACADEMY  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2021**

**ASSETS**

Cash and cash equivalents	\$ 20,013,052
Receivables	825,030
Deposits	220,964
Prepays	<u>69,349</u>

Total Assets \$ 21,128,395

**LIABILITIES**

Accounts payable and other accrued liabilities	<u>\$ 711,192</u>
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Total Liabilities 711,192

**FUND BALANCE**

Non-spendable	69,349
Restricted for:	
Donations	29,743
Emergencies	1,278,000
Committed for self-insurance claims	942,717
Assigned for contingencies	9,047,652
Unassigned	<u>9,049,742</u>

Total Fund Balance 20,417,203

Total Liabilities and Fund Balance \$ 21,128,395

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

**GOAL ACADEMY  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

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

Total Fund Balance of Governmental Funds		\$ 20,417,203
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		1,903,202
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Net pension liability	\$ (62,237,572)	
Pension outflows	34,516,527	
Pension inflows	(24,451,690)	
Net OPEB liability	(2,262,743)	
OPEB outflows	1,007,506	
OPEB inflows	<u>(728,666)</u>	<u>(54,156,638)</u>
Total Net Position of Governmental Activities		<u><u>\$ (31,836,233)</u></u>

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

**GOAL ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>REVENUES</b>	
Local sources	\$ 298,337
State sources	42,296,862
Federal sources	<u>1,726,729</u>
Total revenues	<u>44,321,928</u>
 <b>EXPENDITURES</b>	
Instruction	18,811,231
Supporting services	<u>24,415,415</u>
Total expenditures	<u>43,226,646</u>
Net change in fund balance	1,095,282
Fund balance, beginning	<u>19,321,921</u>
Fund balance, ending	<u><u>\$ 20,417,203</u></u>

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

**GOAL ACADEMY  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net Change in Fund Balance of Governmental Funds	\$	1,095,282
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation Expense	\$ (580,721)	
Capital Outlays	262,968	(317,753)
<p>The net effect of the sale and disposal of capital assets is to reduce net position.</p>		
		(73,509)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension expenses	\$ 5,391,183	
OPEB expenses	(24,121)	5,367,062
Change in Net Position of Governmental Activities	\$	6,071,082

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

## **NOTES TO FINANCIAL STATEMENTS**

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The GOAL Academy (the “School”) is a federal 501(c)(3) tax-exempt, state nonprofit corporation, organized in 2009 pursuant to the Colorado Charter Schools Act to form and operate a charter school in the State of Colorado. The School was part of the Cesar Chavez School Network (“CCSN”) until September 2010. Beginning in October of 2010, the School split from CCSN and received its funding directly from the Colorado Charter School Institute (the “Institute”). In 2013 the School began to operate within the El Paso County Colorado School District 49 (the District).

The financial statements of GOAL Academy have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

*A. REPORTING ENTITY*

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

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

*B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

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

*C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS*

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (CONTINUED)*

The emphasis of fund financial statements is on major funds, each displayed in a separate column. The School reports the following major governmental fund:

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

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Cash and cash equivalents*

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

*Investments*

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

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

*Receivables*

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

*Prepaid items*

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

*Capital assets*

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

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

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

Buildings and improvements	20 years
Vehicles and equipment	5 years

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Pensions*

GOAL Academy participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

*Health Care Trust Fund*

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

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Net position flow assumption*

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

*Fund balance classification*

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

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

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

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

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

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

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

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

*Compensated absences*

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

*G. ESTIMATES*

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION*

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

Budgets are required by Colorado State Statute for all funds. Management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

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

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

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. The variances between budget and actual may result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances. The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

Deposits	\$ 5,491,081
Investments	<u>14,521,971</u>
Total	<u>\$ 20,013,052</u>

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

Cash and investments	<u>\$ 20,013,052</u>
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*Cash deposits with financial institutions*

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

The carrying amount of the School’s deposits at June 30, 2021 was \$5,491,081 and the bank balances were \$6,866,378. Of the bank balances, \$279,743 was covered by federal deposit insurance and \$6,586,635 was uninsured but collateralized in accordance with the provisions of the PDPA. The collateral is pooled and held in trust for all uninsured deposits as a group.

*Investments*

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

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

The investments for fiscal year ending June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
ColoTrust	\$ 14,521,971	Less than 60 days

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

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

However, the School does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. The School does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

Concentration of Credit Risk: The School places no limit on the amount they may invest in any one issuer. More than 5 percent of the School's investments are in ColoTrust. These investments are 100% of the School's total investments.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 414,493	\$ 22,502	\$ -	\$ 436,995
Vehicles and equipment	<u>2,839,183</u>	<u>240,466</u>	<u>(202,294)</u>	<u>2,877,355</u>
Total capital assets being depreciated:	<u>3,253,676</u>	<u>262,968</u>	<u>(202,294)</u>	<u>3,314,350</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,990)	(20,818)	-	(41,808)
Vehicles and equipment	<u>(938,222)</u>	<u>(559,903)</u>	<u>128,785</u>	<u>(1,369,340)</u>
Total accumulated depreciation	<u>(959,212)</u>	<u>(580,721)</u>	<u>128,785</u>	<u>(1,411,148)</u>
Total capital assets being depreciated, net	<u>2,294,464</u>	<u>(317,753)</u>	<u>(73,509)</u>	<u>1,903,202</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 2,294,464</u>	<u>\$ (317,753)</u>	<u>\$ (73,509)</u>	<u>\$ 1,903,202</u>

Depreciation expense was charged to functions/programs as follows:

*Governmental activities*

Instruction	<u>\$ 580,721</u>
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**NOTE 5 – OPERATING LEASES**

The School has entered into operating leases for several facilities. The expiration dates of the leases range from June 2022 through June 2024. The future minimum lease payments are as follows:

For the year ended June 30,

2022	\$ 1,980,314
2023	986,900
2024	<u>221,776</u>
Total	<u>\$ 3,188,990</u>

Total rent expense for the year ended June 30, 2021 for the leases was \$2,059,788.

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*General Information about the Pension Plan*

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

*Benefits provided as of December 31, 2020.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>19.88%</b>

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the GOAL Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from GOAL Academy were \$4,492,687 for the year ended June 30, 2021.

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The GOAL Academy proportion of the net pension liability was based on GOAL Academy 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 GOAL Academy reported a liability of \$62,237,572 for its proportionate share of the net pension liability. The amount recognized by the GOAL Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with GOAL Academy were as follows:

GOAL Academy proportionate share of the net pension liability	\$ 62,237,572
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the GOAL Academy	-
Total	\$ 62,237,572

At December 31, 2020, the GOAL Academy proportion was 0.4116790742 percent, which was an increase of 0.1258354447 from its proportion measured as of December 31, 2019.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2021, the GOAL Academy recognized pension expense of (\$5,391,183). At June 30, 2021, the GOAL Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,419,645	\$ -
Changes of assumptions or other inputs	5,987,061	10,461,609
Net difference between projected and actual earnings on pension plan investments	-	13,699,906
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,777,495	290,175
Contributions subsequent to the measurement date	2,332,326	N/A
<b>Total</b>	<b>\$ 34,516,527</b>	<b>\$ 24,451,690</b>

\$2,332,326 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (1,337,178)
2023	9,681,074
2024	1,549,853
2025	(2,161,238)
2026	-
Thereafter	-

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

**GOAL ACADEMY  
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**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

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

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

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

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

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

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 84,897,146	\$ 62,237,572	\$ 43,354,681

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

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

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

*PERA Benefit Structure*

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

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

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

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the GOAL Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from GOAL Academy were \$230,510 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 GOAL Academy reported a liability of \$2,262,743 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 GOAL Academy proportion of the net OPEB liability was based on GOAL Academy 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 GOAL Academy proportion was 0.2381270372 percent, which was an increase of 0.0515917471 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the GOAL Academy recognized OPEB expense of \$24,121. At June 30, 2021, the GOAL Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,006	\$ 497,459
Changes of assumptions or other inputs	16,907	138,749
Net difference between projected and actual earnings on OPEB plan investments	-	92,458
Changes in proportion and differences between contributions recognized and proportionate share of contributions	864,926	-
Contributions subsequent to the measurement date	119,667	N/A
Total	\$ 1,007,506	\$ 728,666

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

\$119,667 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 35,919
2023	48,854
2024	20,502
2025	(4,824)
2026	54,692
Thereafter	4,030

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

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

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

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

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.

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

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

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

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

	<b>Trust Fund</b>			
	<b>State Division</b>	<b>School Division</b>	<b>Local Government Division</b>	<b>Judicial Division</b>
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% <sup>1</sup>	N/A

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

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

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

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

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

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

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

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

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

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

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

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

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

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

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$2,204,259	\$2,262,743	\$2,330,826

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

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 2,592,013	\$ 2,262,743	\$ 1,981,407

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

**NOTE 8 - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

**NOTE 9 – CONCENTRATION OF RISK**

The School is funded directly by the District based on the District’s per pupil funding. For the fiscal year ended June 30, 2021, this funding accounted for approximately 94% of the School’s revenues.

**GOAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Grants*

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

*Self-Insurance*

The School has established a self-insured health benefit plan. The plan is administered by Cypress Benefit Administrators and is funded through a combination of employee contributions and contributions made by the School. Claims are paid from funds accumulated through these contributions. Under the terms of contract with Cypress Benefit Administrators the plan has a stop-loss coverage for individual occurrences in excess of \$100,000 and becomes fully insured at any time claims exceed 110% of the retained premiums of the plan.

Changes in the claims liability amounts as of June 30, 2021:

Balance July 1, 2020	\$ 229,100
Claims and changes in estimates	3,572,412
Claims paid	<u>(3,495,312)</u>
Balance June 30, 2021	\$ <u>306,200</u>

In addition to the claims paid during fiscal year 2020-2021, there may also be additional claims that have been incurred but not reported at June 30, 2021. At the time of the audit, the additional liability could not be determined, therefore, no additional liability has been recorded on the School's financial statements.

**NOTE 11 – LINE OF CREDIT AGREEMENT**

In September of 2014, the School entered into an agreement with UMB bank for the purpose of a commercial credit card program that employees use for making purchases for supplies, travel, and other school expenses. The initial line of credit was established in the amount of \$750,000. The amount outstanding at June 30, 2021 was \$29,000 and is included in accounts payable.

**NOTE 12 – COMPLIANCE**

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

**GOAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION**

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2021 there is a \$1,278,000 reservation of fund balance in the General Fund for the amendment.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GOAL ACADEMY**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2021**

	2020	2019	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.4116790742%	0.2858436295%	0.2599937794%	0.2670252647%	0.2565154614%	0.2031615147%	0.2086718525%	0.2177269703%
\$	\$ 62,237,572	\$ 42,704,418	\$ 46,037,239	\$ 86,346,481	\$ 76,374,572	\$ 31,072,119	\$ 28,282,045	\$ 27,771,016
School's proportionate share of the net pension liability (asset)								
State's proportionate share of the net pension liability (asset) associated with the School	-	5,416,512	6,294,953	-	-	-	-	-
Total	\$ 62,237,572	\$ 48,120,930	\$ 52,332,192	\$ 86,346,481	\$ 76,374,572	\$ 31,072,119	\$ 28,282,045	\$ 27,771,016
School's covered payroll	\$ 22,017,173	\$ 16,797,975	\$ 14,293,253	\$ 12,317,560	\$ 11,512,873	\$ 8,853,732	\$ 8,741,854	\$ 8,777,267
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

See the accompanying independent auditors' report.

**GOAL ACADEMY**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION**  
**JUNE 30, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,492,687	\$ 3,824,206	\$ 2,936,165	\$ 2,514,626	\$ 2,304,950	\$ 1,742,051	\$ 1,435,816	\$ 1,537,765
Contributions in relation to the contractually required contribution	(4,492,687)	(3,824,206)	(2,936,165)	(2,514,626)	(2,304,950)	(1,742,051)	(1,435,816)	(1,537,765)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 22,599,028	\$ 19,732,743	\$ 15,348,485	\$ 13,318,994	\$ 12,540,534	\$ 9,825,441	\$ 8,506,017	\$ 9,623,060
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

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

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

See the accompanying independent auditors' report.

**GOAL ACADEMY  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
JUNE 30, 2021**

	2020	2019	2018	2017	2016
School's proportion of the net OPEB liability (asset)	0.2381270372%	0.1865352901%	0.1689923977%	0.1517227125%	0.1458122355%
School's proportionate share of the net OPEB liability (asset)	\$ 2,262,743	\$ 2,096,653	\$ 2,299,213	\$ 1,971,788	\$ 1,890,505
School's covered payroll	\$ 22,017,173	\$ 16,797,975	\$ 14,293,253	\$ 12,317,560	\$ 11,512,873
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.48%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

**GOAL ACADEMY**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB**  
**JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 230,510	\$ 201,037	\$ 156,631	\$ 135,717	\$ 127,764
Contributions in relation to the contractually required contribution	<u>(230,510)</u>	<u>(201,037)</u>	<u>(156,631)</u>	<u>(135,717)</u>	<u>(127,764)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 22,599,028	\$ 19,732,743	\$ 15,348,485	\$ 13,318,994	\$ 12,540,534
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

**GOAL ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 61,250	\$ 1,606,902	298,337	\$ (1,308,565)
State sources	43,158,746	42,188,262	42,296,862	108,600
Federal sources	3,088,219	1,634,335	1,726,729	92,394
Total revenues	46,308,215	45,429,499	44,321,928	(1,107,571)
<b>EXPENDITURES</b>				
Salaries	25,449,524	24,528,300	24,140,066	388,234
Employee benefits	7,024,499	6,676,000	7,377,284	(701,284)
Purchased services	9,503,047	9,974,067	8,951,958	1,022,109
Supplies and materials	2,043,000	1,995,000	1,305,494	689,506
Property	1,630,000	1,556,000	1,426,325	129,675
Other	658,145	700,132	25,519	674,613
Total expenditures	46,308,215	45,429,499	43,226,646	2,202,853
Net change in fund balances	-	-	1,095,282	1,095,282
Fund balances - beginning	-	-	19,321,921	19,321,921
Fund balance - ending	\$ -	\$ -	\$ 20,417,203	\$ 20,417,203

See the accompanying Independent Auditors' Report.