

cPa DIXON, WALLER & CO., INC.

CRESTONE CHARTER SCHOOL

CRESTONE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2021

DIXON, WALLER & CO., INC.

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CRESTONE CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Council
Crestone Charter School
Crestone, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crestone Charter School, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the Crestone Charter School, 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 budgetary comparison information and pension and post employment benefits trend data on pages i through vi and 38 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crestone Charter School's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Dixon, Waller & Co., Inc.

Trinidad, Colorado
February 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crestone Charter School
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2021**

As management of the Crestone Charter School, Saguache County, Colorado, we offer readers of the School's Annual Financial Report this narrative and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$5,069,983. Of this amount, the school has a negative *unrestricted net position* balance of \$256,888.

- The School's total net position decreased by \$674,705 with School-wide net position totaling \$5,069,983 at the end of the fiscal year.

Overview of the Financial Statements Management's discussion and analysis is intended to serve as an introduction to the School's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented are comprised of three components: 1) School-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements.

The School-wide Financial Statements are designed to provide the reader of the School's financial statements a broad overview of the financial activities in a manner similar to a private sector business. The School-wide Financial Statements include the Statement of Net position and the Statement of Activities.

The Statement of Net Position presents information about all of the School's position and liabilities. The difference between assets and liabilities is reported as *net position*. Over time changes 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 net position of the School 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 School is a component unit of the Moffat Consolidated School District #2. Financial information for the Charter School is presented separately from the primary government because the Charter School is financially accountable to the District and provides services to the School's students.

Other Financial Highlights

The school has implemented GASB 68 resulting in a net pension liability for 2021 of \$1,649,857. Under GASB 68, the School's proportionate share of the net pension liability of the Colorado State Requirement System, the Public Employees Retirement Association, is recorded as a liability of the School.

The school has implemented GASB 75 resulting in a net Other Post Employment Benefit (OPEB) liability of \$60,010 at June 30, 2021. Under GASB 75, the District's proportionate share of the net Other Post Employment Benefits liability of the Health Care Trust Fund (HCTF) of the state retirement system of the Public Employees Retirement Association, is recorded as a liability of the District.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives.

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

Since the *governmental funds* and the *governmental activities* report information using the same functions, it is useful to compare the information presented.

The School maintains two different governmental funds. Both funds are classified as major funds. They are the general fund and the capital projects fund. They are presented separately in the fund financial statements.

The School adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the general fund and the capital projects fund are included in the fund financial statements to demonstrate compliance with the adopted budget.

Notes to the Basic Financial Statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

School-wide Financial Analysis

School-wide Net Position. The assets of the School are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the School. The majority of the current assets are cash and receivables.

Capital assets are used in the operations of the School. These assets are land improvements, building improvements, equipment, and construction in progress. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current 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, interest payable, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2021-2022.

The assets of the primary government activities exceed liabilities by \$4,395,278 with an unrestricted net position deficit of \$256,888. Total net position of the primary government do not include internal balances. (Table A-1)

The legally required TABOR reserve has been recorded by the School's chartering district.

Table A-1 Statement of Net Position 2020-2021 and 2019-2020

	Governmental Activities	Total 2021	Governmental Activities	Total 2020
Current, other assets and Deferred Outflows	2,827,753	2,827,753	2,098,753	2,098,753
Non-current assets	6,492	6,492	0	0
Capital Assets	5,041,071	5,041,071	5,191,732	5,191,732
Total Assets	7,875,316	7,875,316	7,290,485	7,290,485
Liabilities and Deferred Inflows	2,805,333	2,805,333	2,895,207	2,895,207
Net Position Investment in Capital Assets	5,041,071	5,041,071	5,191,732	5,191,732
Restricted	285,800	285,800	256,113	256,113
Unrestricted	-256,888	-256,888	-1,052,567	1,052,567
Total Net Position	5,069,983	5,069,983	4,395,278	4,395,278

Table A-2 Statement of Activities for 2020-2021 and 2019-2020

Expenditures	Expenses 2021	Grants&Contrib 2021	Total 2021	Expenses 2020	Grants&Contrib 2020	Total 2020
Instruction	806,308	381,105	425,203	624,957	170,477	454,480
Student Support	168,013		168,013	88,759		88,759
Instructional Staff	6,967		6,967	500		500
General & Admin	184,787		184,787	237,079		237,079
School Admin	208,660		208,660	196,429		196,429
Operations & Maintenance	147,416		147,416	78,193		78,193
Student Transport	21,302		21,302	13,480		13,480
Central Support	58,256		58,256	58,508		58,508
Capital Outlay	4,054	36,015	(31,961)	74,733	-	74,733
Pension Amortization	(426,320)		(426,320)	(343,289)		(343,289)
Total	1,179,443	417,120	762,323	1,029,349	170,477	858,872

Table A-3 Statement of Revenues 2020

Revenues	2021	2020
Local Sources	32,984	43,123
County Sources	100	-
State Sources	144,409	115,493
Federal Sources	328,632	227,326
Allocated From Moffat School	1,347,701	1,355,547
Total Revenues	1,853,826	1,740,489

Governmental

Changes in Net Position

The Crestone Charter School revenues totaled \$1,853,826. Governmental funding totals 98.22% with 1.78% from local sources. (See table A-3). This is \$113,337 more than in 2020.

The Crestone Charter School's total cost of services and programs was \$1,453,581. These expenses cover a range of services, encompassing Instruction, District services and fees, Administration and support services. This is \$142,651 more than 2020's total cost of services and programs (\$1,310,930).

Financial Analysis of the School's Governmental Funds

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

The governmental funds of the School provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements. Unassigned fund balance, in particular, measures the School's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School.

The capital projects fund accounts for spending of monies set aside for projects related to building needs, vehicle purchases, land purchases or equipment.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minimal.

Capital Assets and Debt Administration

The School's investment in capital assets for its governmental and business-type activities as of June 30, 2021 decreased to \$5,041,071. The decrease in activities is a result of the accumulated depreciation.

CAPITAL ASSETS				
A summary of changes in capital assets is as follows:				
<u>Governmental Activities - Component Unit</u>				
	Balance			Balance
	July 1,	Additions	Deletions	June 30,
	2020			2021
<u>Non Depreciable Assets:</u>				
Land	448,458	-	-	448,458
Construction in Progress	-	-	-	-
Total Non Depreciable Assets:	448,458	-	-	448,458
<u>Depreciable Assets:</u>				
Building & Site improvements	5,802,566	13,824	-	5,816,390
Equipment & Vehicles	188,951	-	-	188,951
Total Depreciable Assets	5,991,517	13,824	-	6,005,341
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site				
Improvements	1,150,613	148,272	-	1,298,885
Equipment & Vehicles	97,630	16,213	-	113,843
Total Accumulated				
<u>Depreciation</u>	1,248,243	164,485	-	1,412,728
<u>Depreciable Assets net</u>	4,743,274	(150,661)	-	4,592,613
Total Capital Assets, Net	5,191,732	(150,661)	-	5,041,071
Depreciation expense was charged to functions/programs of the primary government as follows:				
<u>Governmental Activities:</u>				
Instruction			147,682	
Operation and Maintenance			1,767	
Transportation			15,036	
Total Depreciation Expense-Governmental Activities			164,485	

Governmental Activities

Economic Factors and Next Year's Budgets and Rates

Budget

Each year the School must plan for its future by reviewing the past, adjusting current activities and adopting the next year's budget. The current budget process is to examine all budget lines for significant changes, and adjust for cost increases/decreases based on enrollment and staffing needs. The preliminary budget is presented to the School's Governing Council for approval. The approved budget is sent to the Moffat District for final approval by the Board of Education. When funding is adequate to accommodate increases, and School provides benefit cost increases for all approved staffing. This concept assumes existing staffing ratios are level and non-compensation budgets are continued to the next year unless specifically identified to change in the budget development process.

Requests for Information

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

Thomas Cleary, Director, Crestone Charter School, PO Box 400, Crestone, CO 81131

Complete financial statements for the Moffat Consolidated #2 School District may be obtained at the District's offices.

BASIC FINANCIAL STATEMENTS

CRESTONE CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government	
	Governmental Activities	Total
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	1,792,366	1,792,366
Accounts Receivable	1,000	1,000
Due From Other Governments	230,176	230,176
Prepaid Expense	6,492	6,492
<u>Total Current Assets</u>	<u>2,030,034</u>	<u>2,030,034</u>
<u>Capital Assets:</u>		
Land	448,458	448,458
Depreciable Assets	6,005,341	6,005,341
Accumulated Depreciation	(1,412,728)	(1,412,728)
<u>Capital Assets Net of Depreciation</u>	<u>5,041,071</u>	<u>5,041,071</u>
<u>TOTAL ASSETS</u>	<u>7,071,105</u>	<u>7,071,105</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	792,232	792,232
Other Post Employment Benefits	11,979	11,979
<u>Total Deferred Outflow of Resources</u>	<u>804,211</u>	<u>804,211</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	1,030	1,030
Intergovernmental Payable	56,973	56,973
Accrued Salaries Payable	48,459	48,459
Unearned Grant Payment	90,501	90,501
<u>Total Current Liabilities</u>	<u>196,963</u>	<u>196,963</u>
<u>Non-Current Liabilities</u>		
Net Pension Liability	1,649,857	1,649,857
Other Post Employment Benefit Liability	60,010	60,010
<u>Total Non-Current Liabilities</u>	<u>1,709,867</u>	<u>1,709,867</u>
<u>TOTAL LIABILITIES</u>	<u>1,906,830</u>	<u>1,906,830</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	873,984	873,984
Other Post Employment Benefits	24,519	24,519
<u>Total Deferred Inflow of Resources</u>	<u>898,503</u>	<u>898,503</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	5,041,071	5,041,071
Restricted for:		
BEST Reserve	240,000	240,000
TABOR (Emergencies)	45,800	45,800
Unrestricted (Deficit)	(256,888)	(256,888)
<u>TOTAL NET POSITION</u>	<u>5,069,983</u>	<u>5,069,983</u>

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

CRESTONE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2021

	Net (Expenses) Revenue and Changes in Net Position			
	Program Revenues		Primary Government	
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>				
<u>Primary Government:</u>				
<u>Governmental Activities</u>				
Instruction	806,308	119	380,986	(425,203)
Student Support	168,013	-	-	(168,013)
Instructional Staff	6,967	-	-	(6,967)
General Administration	184,787	-	-	(184,787)
School Administration	208,660	-	-	(208,660)
Operation & Maintenance	147,416	-	-	(147,416)
Student Transportation	21,302	-	-	(21,302)
Central Support	58,256	-	-	(58,256)
Capital Outlay	4,054	-	36,015	31,961
Net Pension Costs	(421,373)	-	-	421,373
Net Other Post Employment Benefit Costs	(4,947)	-	-	4,947
<u>Total Governmental Activities</u>	<u>1,179,443</u>	<u>119</u>	<u>380,986</u>	<u>(762,323)</u>
<u>Total Primary Government</u>	<u>1,179,443</u>	<u>119</u>	<u>380,986</u>	<u>(762,323)</u>
<u>General Revenues</u>				
Earnings on Investments				828
Non Specific Intergovernmental Other Revenue				72,800
Charter Per Pupil Revenue				15,699
<u>Total General Revenues & Transfers</u>				<u>1,347,701</u>
<u>Changes in Net Position</u>				<u>1,437,028</u>
<u>Net Position, Beginning</u>				<u>674,705</u>
<u>Net Position, Ending</u>				<u>4,395,278</u>
				<u>5,069,983</u>

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

CRESTONE CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Student Activity Special Revenue Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash	1,419,085	58,277	315,004	1,792,366
Accounts Receivable	5,096	-	-	5,096
Accrued Revenue Receivable	23,742	-	-	23,742
Intergovernmental Receivable	202,338	-	-	202,338
Prepaid Expenditures	6,492	-	-	6,492
<u>Total Assets</u>	<u>1,656,753</u>	<u>58,277</u>	<u>315,004</u>	<u>2,030,034</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
<u>LIABILITIES:</u>				
Accounts Payable	1,030	-	-	1,030
Accrued Salaries	48,459	-	-	48,459
Unearned Grant Payments	90,501	-	-	90,501
Due To Other Governments	56,973	-	-	56,973
Due To Others	-	-	-	-
<u>Total Liabilities</u>	<u>196,963</u>	<u>-</u>	<u>-</u>	<u>196,963</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
	-	-	-	-
<u>FUND BALANCES:</u>				
Restricted:				
TABOR (Emergencies)	45,800	-	-	45,800
Prepaid Expense	6,492	-	-	6,492
BEST Reserve	-	-	240,000	240,000
Committed:				
Capital Outlay	-	-	75,004	75,004
Assigned:				
Student Activities	-	58,277	-	58,277
Unassigned	1,407,498	-	-	1,407,498
<u>Total Fund Balances</u>	<u>1,459,790</u>	<u>58,277</u>	<u>315,004</u>	<u>1,833,071</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
	<u>1,656,753</u>	<u>58,277</u>	<u>315,004</u>	<u>2,030,034</u>

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

CRESTONE CHARTER SCHOOL
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2021

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

<u>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</u>	1,833,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,453,799 and the accumulated depreciation is \$1,412,728.	5,041,071
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(1,649,857)
Net Other Post Employment Benefits Liability	(60,010)
Deferred Outflows	804,211
Deferred Inflows	<u>(898,503)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>5,069,983</u>

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

CRESTONE CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2021

	General Fund	Student Activity Special Revenue Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
<u>REVENUES:</u>				
Local Sources	32,984	119	203	33,306
County Sources	100	-	-	100
State Sources	144,409	-	-	144,409
Federal Sources	328,632	-	-	328,632
Allocated Revenues from Moffat School	<u>1,347,701</u>	<u>-</u>	<u>-</u>	<u>1,347,701</u>
<u>TOTAL REVENUES</u>	<u>1,853,826</u>	<u>119</u>	<u>203</u>	<u>1,854,148</u>
<u>EXPENDITURES:</u>				
Current:				
Instruction	<u>672,331</u>	<u>119</u>	<u>-</u>	<u>672,450</u>
Support Services;				
Student Support	168,013	-	-	168,013
Instructional Staff	6,967	-	-	6,967
General Administration	184,787	-	-	184,787
School Administration	208,660	-	-	208,660
Operations & Maintenance	145,649	-	-	145,649
Student Transportation	6,266	-	-	6,266
Central Support	58,256	-	-	58,256
Facilities	2,652	-	-	2,652
Capital Outlay	<u>-</u>	<u>-</u>	<u>1,402</u>	<u>1,402</u>
<u>Total Support Services</u>	<u>781,250</u>	<u>-</u>	<u>1,402</u>	<u>782,652</u>
<u>TOTAL EXPENDITURES</u>	<u>1,453,581</u>	<u>119</u>	<u>1,402</u>	<u>1,455,102</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>400,245</u>	<u>-</u>	<u>(1,199)</u>	<u>399,046</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	<u>(31,111)</u>	<u>1,111</u>	<u>30,000</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(31,111)</u>	<u>1,111</u>	<u>30,000</u>	<u>-</u>
<u>REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</u>	369,134	1,111	28,801	399,046
<u>FUND BALANCES, Beginning</u>	<u>1,090,656</u>	<u>57,166</u>	<u>286,203</u>	<u>1,434,025</u>
<u>FUND BALANCES, Ending</u>	<u>1,459,790</u>	<u>58,277</u>	<u>315,004</u>	<u>1,833,071</u>

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

CRESTONE CHARTER SCHOOL
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Fiscal Year Ended June 30, 2021

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

<u>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u>	399,046
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
Capital Outlays More Than \$5,000	13,824
Depreciation Expense	(164,485)
	(150,661)
<p>The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:</p>	
Pension Cost	421,373
Other Post Employment Benefit Cost	<u>4,947</u>
<u>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>674,705</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crestone Charter School was formed in 1995, pursuant to the Colorado Charter Schools Act to form and operate a charter school. The school is located in Crestone, Colorado, and its mission is to provide a stimulating experiential program that, in a creatively structured atmosphere, nurtures each student's sense of wonder and natural desire to learn. Emphasizing academic excellence and uniqueness of character, we strive to inspire healthy responsibility in relationship with self, community and environment, both locally and globally.

The School serves students in grades K-12.

The accounting policies of the school conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The School is considered a component unit of Moffat Consolidated School District Number 2 (District), and is includable in the District's basic financial statements. The School is deemed to be fiscally dependent upon the District because the District provides the majority of support to the School in the form of per pupil revenue.

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds (General Fund, Student Activity Special Revenue Fund and Capital Reserve Capital Projects Fund) are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unrestricted fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Fiduciary funds are used to account for assets held by the School in a trustee or agency capacity for others that cannot be used to support the School's own programs.

D. Fund Accounting

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

• Major Governmental Funds

1. General Fund – the general operating fund of the school; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Capital Reserve Capital Projects Fund – used to acquire equipment, vehicles, sites and to improve school buildings.
3. Student Activity – Special Revenue Fund – used to account for the transactions of student clubs and organizations.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The School does not capitalize interest on the construction of capital assets in governmental funds. However, the School does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The School's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

G. Liabilities

In the government-wide financial statements in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities. The School records long-term debt of governmental funds at the face value. The School does not have a material liability for compensated absences payable at June 30, 2021.

H. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2021 the School's required TABOR Reserve was \$45,800.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Constitutional Amendment (Continued)

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Governing Council (the School's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The School's Committed Fund Balance is fund balance reporting required by the Governing Council, either because of a Governing Council Policy in the Governing Council Policy Manual, or because of motions that passed at Governing Council meetings.

CRESTONE CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

The School's Assigned Fund Balance is fund balance reporting occurring by Governing Council Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	General Fund	Student Activity Special Revenue Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
<u>Restricted:</u>				
Prepaid Expense	6,492	-	-	6,492
Emergencies	45,800	-	-	45,800
BEST Grant Renewal	-	-	240,000	240,000
<u>Committed:</u>				
Capital Outlay	-	-	75,004	75,004
<u>Assigned:</u>				
Student Activity	-	58,277	-	58,277
<u>Unassigned:</u>				
	1,407,498	-	-	1,407,498
<u>Total Fund Balances</u>	<u>1,459,790</u>	<u>58,277</u>	<u>315,004</u>	<u>1,833,071</u>

K. Deferred Outflows / Inflows of Resources

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

CRESTONE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

Certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

Governmental Funds – Interfund Transfers	\$31,111
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NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Governing Council in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The School has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Governing Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Governing Council.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 BUDGETARY INFORMATION (Continued)

5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Capital Project Funds and Special Revenue Funds.
6. Budgets for the General Fund, Capital Project Funds and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Governing Council.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Governing Council throughout the year.

NOTE 4 CASH AND INVESTMENTS

Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At June 30, 2021, the School's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	<u>1,542,366</u>	<u>1,589,256</u>
<u>Total Cash and Deposits</u>	<u>1,792,366</u>	<u>1,839,256</u>

Deposits and Certificates of Deposit with bank balances of \$1,589,256 and a carrying balance of \$1,542,366 as of June 30, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities – Component Unit

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>Non-Depreciable Assets:</u>				
Land	448,458	-	-	448,458
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Non-Depreciable Assets</u>	<u>448,458</u>	<u>-</u>	<u>-</u>	<u>448,458</u>
<u>Depreciable Assets:</u>				
Buildings & Site Improvements	5,802,566	13,824	-	5,816,390
Equipment & Vehicles	<u>188,951</u>	<u>-</u>	<u>-</u>	<u>188,951</u>
<u>Total Depreciable Asset</u>	<u>5,991,517</u>	<u>13,824</u>	<u>-</u>	<u>6,005,341</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	1,150,613	148,272	-	1,298,885
Equipment & Vehicles	<u>97,630</u>	<u>16,213</u>	<u>-</u>	<u>113,843</u>
<u>Total Accumulated</u> <u>Depreciation</u>	<u>1,248,243</u>	<u>164,485</u>	<u>-</u>	<u>1,412,728</u>
<u>Depreciable Assets Net</u>	<u>4,743,274</u>	<u>(150,661)</u>	<u>-</u>	<u>4,592,613</u>
<u>Total Capital Assets, Net</u>	<u>5,191,732</u>	<u>(150,661)</u>	<u>-</u>	<u>5,041,071</u>

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

Governmental Activities:

Instruction	147,682
Operation and Maintenance	1,767
Transportation	<u>15,036</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>164,485</u>

NOTE 6 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

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

General Information about the Pension Plan

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

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

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.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

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

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

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, Crestone Charter School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 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.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Crestone Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Crestone Charter School were \$118,157 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Crestone Charter School proportion of the net pension liability was based on Crestone Charter School 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.

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

At June 30, 2021, the Crestone Charter School reported a liability of \$1,649,857 for its proportionate share of the net pension liability. The amount recognized by the Crestone Charter School 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 Crestone Charter School were as follows:

Crestone Charter School proportionate share of the net pension liability	\$ 1,649,857
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Crestone Charter School	\$ -
Total	\$ 1,649,857

At December 31, 2020, the Crestone Charter School proportion was 0.0109 percent, which was an increase of 0.0023 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Crestone Charter School recognized pension income of \$421,373 and revenue of \$-0- for support from the State as a nonemployer contributing entity. At June 30, 2021, the Crestone Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	90,651	-
Changes of assumptions or other inputs	158,711	(277,327)
Net difference between projected and actual earnings on pension plan investments	115,233	(478,404)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	364,743	(118,253)
Contributions subsequent to the measurement date	62,894	N/A
Total	792,232	(873,984)

\$62,894 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, 2021	
2022	(248,402)
2023	157,650
2024	3,514
2025	(57,408)
2026	-
Thereafter	-

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 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*	Financed by the AIR

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

Healthy mortality assumptions for active members 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 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.

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 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*	Financed by the AIR

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

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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 percentage and then adding expected inflation.

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

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*	6.00%	4.70%
Total	100.00%	

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 PENSION PLAN (Continued)

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.

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 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 Crestone Charter School 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	2,250,540	1,649,857	1,149,290

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.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Crestone Charter School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2021, program members contributed \$2,615.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

DPS Benefit Structure

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Crestone Charter School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Crestone Charter School were \$6,062 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 Crestone Charter School reported a liability of \$60,010 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 Crestone Charter School proportion of the net OPEB liability was based on Crestone Charter School 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 Crestone Charter School proportion was 0.0063 percent, which was an increase of 0.0007 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Crestone Charter School recognized OPEB income of \$4,947. At June 30, 2021, the Crestone Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	159	(13,193)
Changes of assumptions or other inputs	448	(3,680)
Net difference between projected and actual earnings on OPEB plan investments	762	(3,214)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,383	(4,432)
Contributions subsequent to the measurement date	3,227	N/A
Total	11,979	(24,519)

\$3,227 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, 2021	
2022	(4,357)
2023	(4,013)
2024	(4,394)
2025	(2,869)
2026	(133)
Thereafter	(1)

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

	Initial Costs for Members Without Medicare Part A		
	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.

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 **OTHER POST EMPLOYMENT BENEFITS (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*	6.00%	4.70%
Total	100.00%	

*The Opportunity Fund’s name changed to Alternatives, effective January 1, 2020

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

Sensitivity of the Crestone Charter School 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	58,459	60,010	61,816

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.

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Sensitivity of the Crestone Charter School 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	68,743	60,010	52,549

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.

CRESTONE CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The School maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 LITIGATION

None.

NOTE 10 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The School participates in a number of federal, state and local programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the grantor but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the School.

NOTE 11 INTERFUND BALANCES

	<u>Transfer To Other Funds</u>	<u>Transfer From Other Funds</u>
General Fund	31,111	-
Capital Reserve – Capital Projects Fund	-	30,000
Student Activity – Special Revenue Fund	-	1,111
	<u>31,111</u>	<u>31,111</u>

Transfers were made in the normal course of operations to support funding needs.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFIT
TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the School not accounted for in other funds. This fund represents an accounting for the School's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the School's overall operations.

Student Activity – Special Revenue Fund

The Student Activity Fund accounts for the transactions of the School student clubs and organizations.

CRESTONE CHARTER SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ended June 30, 2021

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Earnings on Investments	2,000	685	(1,315)
Local Grants	90,923	16,760	(74,163)
Other Local Sources	25,989	15,539	(10,450)
<u>Total Local Sources</u>	<u>118,912</u>	<u>32,984</u>	<u>(85,928)</u>
<u>County Sources</u>			
Nurse Grant	-	100	100
<u>Total County Sources</u>	<u>-</u>	<u>100</u>	<u>100</u>
<u>State Sources</u>			
State Capital Construction Grant	32,257	31,393	(864)
COVID 19 Mitigation	-	3,189	3,189
CCS Health Grant	79,423	54,748	(24,675)
Read Act SB 19	4,486	4,486	-
Gifted and Talented BOCES	-	2,313	2,313
Small Rural School Grant	8,034	5,292	(2,742)
EARSS Grant	53,671	34,942	(18,729)
Kindergarten Capital Construction	4,621	4,622	1
State At Risk Supplemental	4,446	3,274	(1,172)
Other State	5,245	150	(5,095)
<u>Total State Sources</u>	<u>192,183</u>	<u>144,409</u>	<u>(47,774)</u>
<u>Federal Sources</u>			
Title I A Grant	56,027	50,242	(5,785)
Title IV Part A Grant	3,749	1,554	(2,195)
REAP Grant	5,051	4,536	(515)
Forest Reserve	-	72,800	72,800
ESSER I	35,628	19,641	(15,987)
ESSER II	-	22,008	22,008
CRF At Risk	2,005	2,006	1
Title II-A	10,643	6,297	(4,346)
Coronavirus Relief	140,340	138,376	(1,964)
Saguache County Coronavirus Relief	5,000	-	(5,000)
Saguache County Coronavirus Relief	12,600	11,172	(1,428)
<u>Total Federal Sources</u>	<u>271,043</u>	<u>328,632</u>	<u>57,589</u>
<u>Allocation from Moffat School</u>	<u>1,160,335</u>	<u>1,347,701</u>	<u>187,366</u>
<u>Total Revenues</u>	<u>1,742,473</u>	<u>1,853,826</u>	<u>111,353</u>

CRESTONE CHARTER SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>758,401</u>	<u>672,331</u>	<u>86,070</u>
<u>Support Services:</u>			
Student Support	216,481	168,013	48,468
Instructional Staff	13,798	6,967	6,831
General Administration	234,601	184,787	49,814
School Administration	212,160	208,660	3,500
Operations and Maintenance	184,225	145,649	38,576
Student Transportation	9,438	6,266	3,172
Central Support	60,117	58,256	1,861
Facilities	<u>32,257</u>	<u>2,652</u>	<u>29,605</u>
<u>Total Support Services</u>	<u>963,077</u>	<u>781,250</u>	<u>181,827</u>
<u>Appropriated Reserves</u>	<u>1,090,651</u>	<u>-</u>	<u>1,090,651</u>
<u>Total Expenditures</u>	<u>2,812,129</u>	<u>1,453,581</u>	<u>1,358,548</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(1,069,656)</u>	<u>400,245</u>	
<u>Other Financing Sources (Uses)</u>			
Operating Transfers (Out)	<u>(21,000)</u>	<u>(31,111)</u>	<u>(10,111)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(21,000)</u>	<u>(31,111)</u>	<u>(10,111)</u>
<u>Revenues Over Expenditures and Other Financing Uses</u>	<u>(1,090,656)</u>	<u>369,134</u>	
<u>FUND BALANCE, Beginning</u>	<u>1,090,656</u>	<u>1,090,656</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>1,459,790</u>	

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

CRESTONE CHARTER SCHOOL
 STUDENT ACTIVITY – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For The Year Ended June 30, 2021

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>		
<u>REVENUES</u>			
Local Sources	100,050	119	(99,931)
<u>Total Revenues</u>	<u>100,050</u>	<u>119</u>	<u>(99,931)</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>			
Supplies and Materials	157,216	119	157,097
<u>Total Expenditures</u>	<u>157,216</u>	<u>119</u>	<u>157,097</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(57,166)</u>	<u>-</u>	
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	-	1,111	1,111
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>1,111</u>	<u>1,111</u>
<u>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</u>	<u>(57,166)</u>	1,111	
<u>FUND BALANCE, Beginning</u>	<u>57,166</u>	<u>57,166</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>58,277</u>	

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

CRESTONE CHARTER SCHOOL
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Plan Measurement Date	12-31-20	12-31-19	12-31-18	12-31-17	12-31-16	12-31-15	12-31-14	12-31-13	-	-
District's proportion of the net pension liability (asset)	0.0109%	0.0086%	0.0090%	0.0110%	0.0111%	0.0176%	0.0150%	0.0156%	-	-
District's proportionate share of the net pension liability (asset)	\$1,649,857	\$1,290,137	\$1,585,639	\$3,567,282	\$3,312,760	\$2,691,116	\$2,033,004	\$1,989,776	-	-
State's proportionate share of the net pension liability associated with the District**	-	\$163,637	\$212,205	-	-	-	-	-	-	-
District's covered payroll	\$594,349	\$524,813	\$523,356	\$516,806	\$521,133	\$766,210	\$625,001	\$614,218	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	278%	246%	302%	690%	636%	351%	325%	324%	-	-
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%	43.96%	43.13%	59.2%	62.80%	64.06%	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

CRESTONE CHARTER SCHOOL
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 118,157	\$ 101,709	\$ 100,120	\$ 97,621	\$ 97,175	\$ 135,749	\$ 105,758	\$ 98,152	\$ 87,268	-
Contributions in relation to the contractually required contributions	<u>\$(118,157)</u>	<u>\$(101,709)</u>	<u>\$(100,120)</u>	<u>\$(97,621)</u>	<u>\$(97,175)</u>	<u>\$(135,749)</u>	<u>\$(105,758)</u>	<u>\$(98,152)</u>	<u>\$(87,268)</u>	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$594,349	\$524,813	\$523,356	\$516,806	\$521,133	\$766,210	\$625,001	\$614,218	\$578,702	-
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.89%	18.64%	17.72%	16.92%	15.98%	15.08%	-

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

CRESTONE CHARTER SCHOOL
 SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net OPEB liability (asset)	0.0063%	0.0056%	0.0057%	0.0063%	0.0063%	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$60,010	\$63,446	\$77,509	\$81,462	\$81,803	-	-	-	-	-
District's covered payroll	\$594,349	\$524,813	\$523,356	\$516,806	\$521,133	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.10%	12.09%	14.81%	15.76%	15.70%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-

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

CRESTONE CHARTER SCHOOL
 SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
 For The Last 10 Fiscal Years (As Available)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 6,062	\$ 5,353	\$ 5,338	\$ 5,271	\$ 5,315	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(6,062)</u>	<u>\$(5,353)</u>	<u>\$(5,338)</u>	<u>\$(5,271)</u>	<u>\$(5,315)</u>	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
District's covered payroll	\$594,349	\$524,813	\$523,356	\$516,806	\$521,133	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-

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

Capital Projects Fund

Capital Reserve Capital Projects – used to account for the acquisition of equipment, vehicles and improvement to existing buildings.

CRESTONE CHARTER SCHOOL
 CAPITAL RESERVE CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For The Year Ended June 30, 2021

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>		
<u>REVENUES</u>			
Earnings on Investments	400	143	(257)
Other Local	<u>-</u>	<u>60</u>	<u>60</u>
<u>Total Revenues</u>	<u>400</u>	<u>203</u>	<u>(197)</u>
 <u>EXPENDITURES</u>			
Building Improvements	76,203	1,402	74,801
Appropriated Reserve	<u>231,399</u>	<u>-</u>	<u>231,399</u>
<u>Total Expenditures</u>	<u>307,602</u>	<u>1,402</u>	<u>306,200</u>
<u>Revenues Over (Under) Expenditures</u>	(307,202)	(1,199)	
 <u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	<u>21,000</u>	<u>30,000</u>	<u>9,000</u>
<u>Net Change in Fund Balance</u>	(286,202)	28,801	
<u>FUND BALANCE, Beginning</u>	<u>286,202</u>	<u>286,203</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>315,004</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
 Charter School Auditor's Integrity Report
 Colorado School District/BOCES
 District: 2800 - Moffat 2
 Fiscal Year 2020-21

Revenues, Expenditures, & Fund Balance by Location and Fund

Location (900- 969): 950

Fund Type & Number

	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	1000 - 0999 Total Expenditures & Other Uses	=	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	0		0		0		0
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	0		0		0		0
11 Charter School Fund	1,090,656		1,822,714		1,453,590		1,459,790
20,20-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec Revenue Fund	0		0		0		0
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	57,166		1,230		119		58,277
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
42 Capital Reserve Capital Projects Fund	286,203		30,203		1,402		315,004
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
30 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
Totals	1,090,656		1,822,714		1,453,590		1,459,790
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.



Colorado Department of Education

Charter School Bolder Balance Sheet Report

District: 2800 - Moffat 2
 Fiscal Year 2020-21
 Colorado School District/BOCES

Must mirror the combined balance sheet pages from your audit

LOCATION: 950

ASSETS	Governmental						Proprietary				Fiduciary		Totals		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const 06	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const 46	Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 65-69(60)		Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	0	1,419,085	0	58,277	0	0	0	315,004	0	0	0	0	0	0	1,792,366
Cash with Fiscal Agent (8105)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental/Accounts Rec (8141)	0	230,176	0	0	0	0	0	0	0	0	0	0	0	0	230,176
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receivables (8151-8154,8161)	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Inventories (8171,8172,8173)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses 8181,8182)	0	6,492	0	0	0	0	0	0	0	0	0	0	0	0	6,492
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	0	1,656,753	0	58,277	0	0	0	315,004	0	0	0	0	0	0	2,030,034



Colorado Department of Education
Charter School Bolder Balance Sheet Report

District: 2800 - Moffat 2
 Fiscal Year 2020-21

Colorado School District/BOCES

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LOCATION: 950

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20-22-29	Supplemental Cap Const. 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const. 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 65-69 (60)	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	3,508	0	0	0	0	0	0	0	0	0	0	0	0	3,508
Intergovernmental Payables (7411)	0	53,464	0	0	0	0	0	0	0	0	0	0	0	0	53,464
Other Payables (7421-7423)	0	1,031	0	0	0	0	0	0	0	0	0	0	0	0	1,031
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	0	48,459	0	0	0	0	0	0	0	0	0	0	0	0	48,459
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445, 7451, 7452, 7455)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491, 7492, 7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term Liabilities (7521, 7531, 7561, 7590)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	90,501	0	0	0	0	0	0	0	0	0	0	0	0	90,501
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	196,963	0	0	0	0	0	0	0	0	0	0	0	0	196,963



Colorado Department of Education
Charter School Bolder Balance Sheet Report

District: 2800 - Moffat 2
 Fiscal Year 2020-21

Colorado School District/BOCES

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LOCATION: 950

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 65-69 (60)	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	6,492	0	0	0	0	0	0	0	0	0	0	0	0	6,492
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	0	45,800	0	0	0	0	0	0	0	0	0	0	0	0	45,800
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	240,000	0	0	0	0	0	0	240,000
Committed Fund Balance 6750	0	0	0	0	0	0	0	75,004	0	0	0	0	0	0	75,004
Assigned Fund Balance 6760	0	0	0	58,277	0	0	0	0	0	0	0	0	0	0	58,277
Unassigned Fund Balance 6770	0	1,407,498	0	0	0	0	0	0	0	0	0	0	0	0	1,407,498
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	0	1,459,790	0	58,277	0	0	0	315,004	0	0	0	0	0	0	1,833,071

General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 65-69 (60)	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
0	1,656,753	0	58,277	0	0	0	315,004	0	0	0	0	0	0	2,030,034
Total Liabilities & Fund Equity														2,030,034



Colorado Department of Education
Charter School Bolder Balance Sheet Report

District: 2800 - Moffat 2
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General Funds	Charter School	Preschool	Special Revenue	Supplemental Cap Const	Food Service Special Revenue	Debt Service	Capital Projects	Supplemental Cap Const	Other Enterprise	Risk related activity	Other Internal Service	Trust & Agency	Foundations
10,12-18	Fund 31	Fund 19	Funds 20	Cap Const 06	Fund 21	Funds 30-39	Funds 40-45,47-49	Cap Const 46	Funds 50-52-59	63-64	Funds 65-69(60)	Funds 72-79	Fund 85
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			22-29			30-39	40-45,47-49		52-59	63-64	Funds 65-69(60)	Funds 72-79	Fund 85

For Each Fund Type:
 Do Assets=Liability+Fund Equity