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CRESTONE CHARTER SCHIOOL

CRESTONE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

CRESTONE CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2018

	<u>Page</u>
Title Page	
Table of Contents	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis .....	i-vii
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities .....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position .....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	8

Fund Financial Statements (Continued):	<u>Page</u>
Statement of Fiduciary Net Position.....	9
Notes to Basic Financial Statements .....	10-37
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
General Fund.....	38-39
 <u>Pension Trend Data:</u>	
Schedule of Proportionate Share of Net Pension Liability.....	40
Schedule of District Contributions - Pension.....	41
 <u>Other Post Employment Benefits (OPEB) Trend Data:</u>	
Schedule of Proportionate Share of Net OPEB Liability.....	42
Schedule of District Contributions – OPEB.....	43
 <u>OTHER SCHEDULES:</u>	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual:	
Capital Reserve - Capital Projects Fund.....	44
 <u>Fiduciary Funds</u>	
Schedule of Receipts and Disbursements – Budget (GAAP Basis) and Actual.....	45
Schedule of Changes in Assets and Liabilities.....	46
 <u>STATE REQUIRED SCHEDULES:</u>	
Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund).....	47
Bolded Balance Sheet .....	48-51

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, each major fund, and the aggregate remaining fund information of the Crestone Charter School, as of and for the year ended June 30, 2018, 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, each major fund, and the aggregate remaining fund information of the Crestone Charter School, as of June 30, 2018, 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 vii and 38 through 43 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., P.C.*

Trinidad, Colorado  
November 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crestone Charter School**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2018**

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, 2018.

**Financial Highlights**

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$3,465,558. Of this amount, the school has a negative *unrestricted net position* balance of \$2,113,757.
- The School's total net position decreased by \$700,093 with School-wide net position totaling \$3,465,558 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 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 was required to implement GASB 68 resulting in a net pension liability for 2018 was \$3,567,282. 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. At implementation beginning equity is restated and deferred inflows, outflows and the net pension liability are reported. Beginning net position of governmental activities increased as a result of this change.

The school was required to implement GASB 75 resulting in a net Other Post Employment Benefit (OPEB) liability of \$(81,462) at June 30, 2018. 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. At implementation, beginning equity is restated and deferred outflows, inflows and the net Other Post Employment Benefit liability are reported. Beginning Net Position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning Net Position of governmental activities decreased \$(79,065) to \$4,165,651 from \$4,244,716 at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available.

### 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 2018-2019.

The assets of the primary government activities exceed liabilities by \$3,465,558 with an unrestricted net position deficit of \$2,113,757. 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 2017-2018 and 2016-2017**

	Governmental Activities	Total 2018	Governmental Activities	Total 2017
Current, other assets and Deferred Outflows	2,207,430	2,207,430	2,359,725	2,359,725
Non-current assets	0	0	0	0
Capital Assets	5,391,740	5,391,740	5,525,369	5,525,369
Total Assets	7,599,170	7,599,170	7,885,094	7,885,094
Liabilities and Deferred Inflows	4,133,612	4,133,612	3,640,378	3,640,378
Net Position Investment in Capital Assets	5,391,740	5,391,740	5,525,369	5,525,369
Restricted	187,575	187,575	159,425	159,425
Unrestricted	-2,113,757	-2,113,757	-1,440,078	-1,440,078
Total Net Position	3,465,558	3,465,558	4,244,716	4,244,716

**Table A-2 Statement of Activities for 2017-2018 and 2016-2017**

Expenditures	Expenses 2018	Grants&Contrib 2018	Total 2018	Expenses 2017	Grants&Contrib 2017	Total 2017
Instruction	743,235	83,432	659,803	696,548	58,913	637,635
Student Support	52,210		52,210	27,815		27,815
Instructional Staff	4,636		4,639	5,271		5,271
General & Admin	211,665		211,665	262,265		262,265
School Admin	198,173		198,173	186,134		186,134
Operations & Maintenance	62,047		62,047	58,291		58,291
Student Transport	35,584		35,584	20,570		20,570
Central Support	48,864		48,864	47,187		47,187
Capital Outlay	12,378	27,872	-15,494	16,679	16,679	0
Pension Amortization	674,252		674,252	-109,582		-109,582
Total	2,043,047	111,304	1,931,743	1,211,178	75,592	1,135,586

**Table A-3 Statement of Revenues 2018**

Revenues	2018	2017
Local Sources	19,488	8,994
State Sources	0	0
Federal Sources	79,933	0
Allocated From Moffat School	1,132,229	1,240,898
Total Revenues	1,231,650	1,249,892

**Governmental**

**Changes in Net Position**

The Crestone Charter School revenues totaled \$1,342,954. Governmental funding totals 95.85% with 4.14% from local sources. (See table A-3). This is \$17,470 more than in 2017.

The Crestone Charter School's total cost of services and programs was \$1,235,166. These expenses cover a range of services, encompassing Instruction, District services and fees, Administration and support services. This is \$13,731 more than 2017's total cost of services and programs (\$1,221,435).

**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, 2018 decreased to \$5,391,740. The decrease in activities is a result of the accumulated depreciation.

## Capital Assets

### Governmental Activities

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Non-Depreciable Assets:</u>				
Land	448,458			448,458
<u>Depreciable Assets</u>				
Building & Site improvements	5,715,508	17,315		5,732,823
Equipment & Vehicles	155,092	3,179		158,271
<u>Total Depreciable Assets</u>	<u>5,870,600</u>	<u>20,494</u>		<u>5,891,094</u>
<u>Less Depreciable Assets</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	715,710	143,228		858,938
Equipment & Vehicles	77,979	10,895		88,874
<u>Total Accumulated Depreciation</u>	<u>793,689</u>	<u>154,123</u>		<u>947,812</u>
<u>Depreciable Assets net</u>	<u>5,076,911</u>	<u>(133,629)</u>		<u>4,943,282</u>
<u>Total Capital Assets, Net</u>	<u>5,525,369</u>	<u>(133,629)</u>		<u>5,391,740</u>

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

<u>Governmental Activities</u>	
Instruction	142,548
Operation and Maintenance	1,539
Transportation	10,036
<u>Total Depreciation Expense-Governmental Activities</u>	<u>154,123</u>

**Governmental Activities**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>Non-Depreciable Assets:</u>				
Land	448,458			448,458
<u>Depreciable Assets</u>				
Building & Site improvements	5,715,508			5,715,508
Equipment & Vehicles	142,124	50,398	37,430	155,092
<u>Total Depreciable Assets</u>	<u>5,857,632</u>	<u>50,398</u>	<u>37,430</u>	<u>5,870,600</u>
<u>Less Depreciable Assets</u>				
<u>Depreciation for:</u>				
Building & Si				
Improvements	572,482	143,228		715,710
Equipment & Vehicles	108,914	6,495	37,430	77,979
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>681,396</u>	<u>149,723</u>		<u>793,689</u>
<u>Depreciable Assets net</u>	<u>5,176,236</u>	<u>(99,325)</u>		<u>5,076,911</u>
<u>Total Capital Assets, Net</u>	<u>5,624,694</u>	<u>(99,325)</u>		<u>5,525,369</u>

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

<u>Governmental Activities</u>	
Instruction	143,228
Operation and Maintenance	859
Transportation	<u>5,636</u>
<u>Total Depreciation Expense-Governmental Activities</u>	<u>149,723</u>

## 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:

Marie-Louise Baker, 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, 2018

	Primary Government	
	Governmental Activities	Total
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	1,044,057	1,044,057
Accounts Receivable	-	-
<u>Total Current Asset</u>	<u>1,044,057</u>	<u>1,044,057</u>
<u>Capital Assets:</u>		
Land	448,458	448,458
Depreciable Assets	5,891,094	5,891,094
Accumulated Depreciation	(947,812)	(947,812)
<u>Capital Assets Net of Depreciation</u>	<u>5,391,740</u>	<u>5,391,740</u>
<u>TOTAL ASSETS</u>	<u>6,435,797</u>	<u>6,435,797</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	1,160,256	1,160,256
Other Post Employment Benefits	3,117	3,117
<u>Total Deferred Outflow of Resources</u>	<u>1,163,373</u>	<u>1,163,373</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	9,089	9,089
Due To Other Governments	46,723	46,723
Accrued Salaries Payable	54,959	54,959
Unearned Grant Payment	38,011	38,011
<u>Total Current Liabilities</u>	<u>148,782</u>	<u>148,782</u>
<u>Non-Current Liabilities</u>		
Net Pension Liability	3,567,282	3,567,282
Other Post Employment Benefit Liability	81,462	81,462
<u>Total Non-Current Liabilities</u>	<u>3,648,744</u>	<u>3,648,744</u>
<u>TOTAL LIABILITIES</u>	<u>3,797,526</u>	<u>3,797,526</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	334,277	334,277
Other Post Employment Benefits	1,809	1,809
<u>Total Deferred Inflow of Resources</u>	<u>336,086</u>	<u>336,086</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	5,391,740	5,391,740
Restricted for:		
BEST Grant Reserve	150,000	150,000
TABOR (Emergencies)	37,575	37,575
Unrestricted (Deficit)	(2,113,757)	(2,113,757)
<u>TOTAL NET POSITION</u>	<u>3,465,558</u>	<u>3,465,558</u>

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

CRESTONE CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30, 2018

	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
Total	Total	Total	Total	Total
<b><u>FUNCTIONS/PROGRAMS</u></b>				
<b><u>Primary Government:</u></b>				
Governmental Activities				
Instruction	743,235	83,432	-	(659,803)
Student Support	52,210	-	-	(52,210)
Instructional Staff	4,639	-	-	(4,639)
General Administration	211,665	-	-	(211,665)
School Administration	198,173	-	-	(198,173)
Operation & Maintenance	62,047	-	-	(62,047)
Student Transportation	35,584	-	-	(35,584)
Central Support	48,864	-	-	(48,864)
Capital Outlay	12,378	-	27,872	15,494
Net Pension Costs	673,163	-	-	(673,163)
Net Other Post Employment Benefit Costs	1,089	-	-	(1,089)
<b>Total Governmental Activities</b>	<b><u>2,043,047</u></b>	<b><u>83,432</u></b>	<b><u>27,872</u></b>	<b><u>(1,931,743)</u></b>
<b>Total Primary Government</b>	<b><u>2,043,047</u></b>	<b><u>83,432</u></b>	<b><u>27,872</u></b>	<b><u>(1,931,743)</u></b>
<b><u>General Revenues</u></b>				
Earnings on Investments				1,022
Non Specific Intergovernmental				79,933
Other Revenue				18,466
Gain (Loss) on Disposition of Assets				-
Charter Per Pupil Revenue				1,132,229
<b>Total General Revenues &amp; Transfers</b>				<b><u>1,231,650</u></b>
<b>Changes in Net Position</b>				<b><u>(700,093)</u></b>
<b>Net Position, Beginning (as Restated)</b>				<b><u>4,165,651</u></b>
<b>Net Position, Ending</b>				<b><u>3,465,558</u></b>

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

CRESTONE CHARTER SCHOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	Governmental Funds		
	General	Capital Reserve	Total
	Fund	Projects	Governmental
	Fund	Fund	Funds
<u>ASSETS</u>			
Cash	892,453	151,604	1,044,057
Accounts Receivable	-	-	-
<u>Total Assets</u>	<u>892,453</u>	<u>151,604</u>	<u>1,044,057</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
	-	-	-
<u>LIABILITIES:</u>			
Accounts Payable	9,089	-	9,089
Accrued Salaries	54,959	-	54,959
Unearned Grant Payments	38,011	-	38,011
Due To Other Governments	46,723	-	46,723
Due To Others	-	-	-
<u>Total Liabilities</u>	<u>148,782</u>	<u>-</u>	<u>148,782</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
	-	-	-
<u>FUND BALANCES:</u>			
Restricted:			
TABOR (Emergencies)	37,575	-	37,575
BEST Grant	-	150,000	150,000
Committed:			
Capital Outlay	-	1,604	1,604
Unassigned	706,096	-	706,096
<u>Total Fund Balances</u>	<u>743,671</u>	<u>151,604</u>	<u>895,275</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS</u>			
<u>AND FUND BALANCES</u>			
	<u>892,453</u>	<u>151,604</u>	<u>1,044,057</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, 2018

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

<u>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</u>	895,275
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,339,552 and the accumulated depreciation is \$947,812.	5,391,740
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(3,567,282)
Net Other Post Employment Benefits Liability	(81,462)
Deferred Outflows	1,163,373
Deferred Inflows	<u>(336,086)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>3,465,558</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, 2018

	Governmental Funds		
	General	Capital Reserve Capital Projects	Total
	Fund	Fund	Governmental Funds
<u>REVENUES:</u>			
Local Sources	55,645	139	55,784
State Sources	64,455	-	64,455
Federal Sources	90,486	-	90,486
Allocated Revenues from Moffat School	<u>1,132,229</u>	<u>-</u>	<u>1,132,229</u>
<u>TOTAL REVENUES</u>	<u>1,342,815</u>	<u>139</u>	<u>1,342,954</u>
<u>EXPENDITURES:</u>			
Current:			
Instructional	<u>600,687</u>	<u>-</u>	<u>600,687</u>
Support Services:			
Student Support	52,210	-	52,210
Instructional Staff	4,639	-	4,639
General Administration	211,665	-	211,665
School Administration	198,173	-	198,173
Operations & Maintenance	60,508	-	60,508
Student Transportation	25,548	-	25,548
Central Support	48,864	-	48,864
Facilities	32,872	-	32,872
Capital Outlay	-	-	-
Pupil Activity	-	-	-
<u>Total Support Services</u>	<u>634,479</u>	<u>-</u>	<u>634,479</u>
<u>TOTAL EXPENDITURES</u>	<u>1,235,166</u>	<u>-</u>	<u>1,235,166</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>107,649</u>	<u>139</u>	<u>107,788</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Capital Assets	-	-	-
Transfers In (Out)	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
<u>REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</u>	77,649	30,139	107,788
<u>FUND BALANCES, Beginning</u>	<u>666,022</u>	<u>121,465</u>	<u>787,487</u>
<u>FUND BALANCES, Ending</u>	<u>743,671</u>	<u>151,604</u>	<u>895,275</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, 2018

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS 107,788

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.

Capital Outlays more than \$5,000	20,494	
Depreciation Expense	(154,123)	
Disposition of capital assets	<u>          -</u>	(133,629)

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:

Pension Cost		(673,163)
Other Post Employment Benefit Cost		<u>(1,089)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (700,093)

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

CRESTONE CHARTER SCHOOL  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2018

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	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>13,528</u>
<u>LIABILITIES</u>	
Accounts Payable	-
Due to Student Groups	<u>13,528</u>
<u>Total Liabilities</u>	<u>13,528</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, 2018

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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, 2018

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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 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.

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.

- Fiduciary Funds

1. Trust and Agency Funds -- Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the school's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Student Activity Fund – The Student Activity Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. This fund accounts for the transaction of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body.

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, 2018

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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, 2018.

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, 2018 the School's required TABOR Reserve was \$37,575.

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, 2018

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	Capital Reserve Capital Projects Fund	Total Governmental Funds
<u>Restricted:</u>			
Emergencies	37,575	-	37,575
BEST Grant Renewal	-	150,000	150,000
<u>Committed:</u>			
Capital Outlay	-	1,604	1,604
<u>Unassigned:</u>	<u>706,096</u>	<u>-</u>	<u>706,096</u>
<u>Total Fund Balances</u>	<u>743,671</u>	<u>151,604</u>	<u>895,275</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, 2018

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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 government 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	\$30,000
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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, 2018

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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 Fiduciary Funds.
6. Budgets for the General Fund, Capital Project Funds and Fiduciary 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, 2018, 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>807,585</u>	<u>681,523</u>
<u>Total Cash and Deposits</u>	<u>1,057,585</u>	<u>931,523</u>

Deposits and Certificates of Deposit with bank balances of \$681,523 and a carrying balance of \$807,585 as of June 30, 2018 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, 2018

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities – Component Unit

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</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	5,715,508	17,315	-	5,732,823
Equipment & Vehicles	<u>155,092</u>	<u>3,179</u>	<u>-</u>	<u>158,271</u>
<u>Total Depreciable Asset</u>	<u>5,870,600</u>	<u>20,494</u>	<u>-</u>	<u>5,891,094</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	715,710	143,228	-	858,938
Equipment & Vehicles	<u>77,979</u>	<u>10,895</u>	<u>-</u>	<u>88,874</u>
<u>Total Accumulated</u> <u>Depreciation</u>	<u>793,689</u>	<u>154,123</u>	<u>-</u>	<u>947,812</u>
<u>Depreciable Assets Net</u>	<u>5,076,911</u>	<u>(133,629)</u>	<u>-</u>	<u>4,943,282</u>
<u>Total Capital Assets, Net</u>	<u>5,525,369</u>	<u>(133,629)</u>	<u>-</u>	<u>5,391,740</u>

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

Governmental Activities:

Instruction	142,548
Operation and Maintenance	1,539
Transportation	<u>10,036</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>154,123</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 fund 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 and additions to/deductions from the fiduciary net position 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.

During the 2018 legislative session, 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*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

General Information about the Pension Plan

Plan description. Eligible employees of the Crestone Charter School are provided with pensions through the School Division Trust Fund (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 that can be obtained at [www.copera.org/investment/pera-financial-reports](http://www.copera.org/investment/pera-financial-reports).

Benefits provided as of December 31, 2017. 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:

CRESTONE CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 6

PENSION PLAN (Continued)

- 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.

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, 2017, 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. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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 retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 6 PENSION PLAN (Continued)

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.

*Contribution provisions as of June 30, 2018.* Eligible employees and Crestone Charter School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

Rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42).

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 \$97,621 for the year ended June 30, 2018.

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

At June 30, 2018, the Crestone Charter School reported a liability of \$3,567,282 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Crestone Charter School proportion of the net pension liability was based on Crestone Charter School contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Crestone Charter School proportion was 0.01103 percent, which was a decrease of 0.00007 from its proportion measured as of December 31, 2016.

CRESTONE CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

NOTE 6      PENSION PLAN (Continued)

For the year ended June 30, 2018, the Crestone Charter School recognized pension expense of \$673,163. At June 30, 2018, 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	65,587	-
Changes of assumptions or other inputs	910,860	(5,780)
Net difference between projected and actual earnings on pension plan investments	70,720	(210,810)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	61,852	(117,687)
Contributions subsequent to the measurement date	51,237	N/A
Total	1,160,256	(334,277)

\$51,237 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, 2019. 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,	
2019	548,914
2020	279,558
2021	(1,027)
2022	(52,703)
2023	-
Thereafter	-

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 6      PENSION PLAN (Continued)

*Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

Healthy, post-retirement mortality assumptions reflect 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.

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

The actuarial assumptions used in the December 31, 2016, valuations 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 the PERA Board during the November 18, 2016, Board meeting.

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 6      PENSION PLAN (Continued)

The long-term expected return on pension plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, 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 by the investment consultant 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.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

\*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 rate of return assumption of 7.25%.

*Discount rate.* The discount rate used to measure the total pension liability was 5.26 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 3.50%.

NOTE 6      PENSION PLAN (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. 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 and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net 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 end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 6      PENSION PLAN (Continued)

*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 4.78 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 (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	4,506,084	3,567,282	2,802,266

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

**Changes between the measurement date of the net pension liability and June 30, 2018.**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through 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 the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 6**      **PENSION PLAN (Continued)**

At June 30 2018, the Crestone Charter School reported a liability of \$3,567,282 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the Crestone Charter School's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	1,611,667

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$1,665,230 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

**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 comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://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 and investment earnings. For the year ended June 30, 2018, program members contributed \$321.

NOTE 7      OTHER POST EMPLOYMENT BENEFITS

**Defined Benefit And 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 and additions to/deductions from the fiduciary net position 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 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 that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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.

CRESTONE CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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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 basis for 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 basis for 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, 2018

**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 \$5,271 for the year ended June 30, 2018.

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

At June 30, 2018, the Crestone Charter School reported a liability of \$81,462 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Crestone Charter School proportion of the net OPEB liability was based on Crestone Charter School contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Crestone Charter School proportion was 0.00627 percent, which was a decrease of 0.00004 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Crestone Charter School recognized OPEB expense of \$1,089. At June 30, 2018, 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	385	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,363)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(446)
Contributions subsequent to the measurement date	2,732	N/A
Total	3,117	(1,809)

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)

\$2,732 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, 2019. 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,	
2019	(353)
2020	(353)
2021	(353)
2022	(354)
2023	(12)
Thereafter	1

*Actuarial assumptions.* The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

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, 2018

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

The Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are 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.

Healthy, post-retirement 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.

NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)

Healthy, post-retirement 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.

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- 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 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

CRESTONE CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2018

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NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations 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 the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

\*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 rate of return assumption of 7.25%.

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
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	79,220	81,462	84,161

*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, 2017, measurement date.

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

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 3.50%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position 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	91,588	81,462	72,818

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

CRESTONE CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2018

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, 2018, 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	30,000	-
Capital Reserve – Capital Projects Fund	-	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

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

NOTE 12    RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$4,244,716 has been changed by the net OPEB liability at June 30, 2017 of \$(81,803) and related deferred flows of \$2,738, resulting in a restated beginning net position of \$4,165,651.

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.

CRESTONE CHARTER SCHOOL  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original &amp; Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Earnings on Investments	550	883	333
Local Grants	40,000	36,296	(3,704)
Other Local Sources	<u>10,000</u>	<u>18,466</u>	<u>8,466</u>
<u>Total Local Revenues</u>	<u>50,550</u>	<u>55,645</u>	<u>5,095</u>
<u>County Sources</u>			
	-	-	-
<u>State Sources</u>			
State Capital Construction Grant	21,660	27,872	6,212
Read Act	4,884	4,529	(355)
Gifted and Talented BOCES	-	671	671
Small Rural School Grant	<u>31,000</u>	<u>31,383</u>	<u>383</u>
<u>Total State Sources</u>	<u>57,544</u>	<u>64,455</u>	<u>6,911</u>
<u>Federal Sources</u>			
REAP Grant	6,455	6,553	98
Forest Reserve	-	79,933	79,933
BOCES – Title II – A	<u>10,796</u>	<u>4,000</u>	<u>(6,796)</u>
<u>Total Federal Sources</u>	<u>17,251</u>	<u>90,486</u>	<u>73,235</u>
<u>Allocation from Moffat School</u>	<u>1,120,183</u>	<u>1,132,229</u>	<u>12,046</u>
<u>TOTAL REVENUES</u>	<u>1,245,528</u>	<u>1,342,815</u>	<u>97,287</u>

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

CRESTONE CHARTER SCHOOL  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>605,150</u>	<u>600,687</u>	<u>4,463</u>
<u>Support Services</u>			
Students	51,170	52,210	(1,040)
Instructional Staff	4,000	4,639	(639)
General Administration	209,606	211,665	(2,059)
School Administration	196,278	198,173	(1,895)
Operations & Maintenance	62,968	60,508	2,460
Student Transportation	15,523	25,548	(10,025)
Central Support	48,662	48,864	(202)
Facilities	<u>21,660</u>	<u>32,872</u>	<u>(11,212)</u>
<u>Total Support Services</u>	<u>609,867</u>	<u>634,479</u>	<u>(24,612)</u>
<u>Appropriated Reserve</u>	<u>666,329</u>	<u>-</u>	<u>666,329</u>
<u>TOTAL EXPENDITURES</u>	<u>1,881,346</u>	<u>1,235,166</u>	<u>646,180</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(635,818)</u>	<u>107,649</u>	
<u>Other Financing Sources (Uses)</u>			
Operating Transfer (Out)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<u>Revenues Over Expenditures and Other Financing Uses</u>	<u>(665,818)</u>	<u>77,649</u>	
<u>Fund Balance, Beginning</u>	<u>665,818</u>	<u>666,022</u>	
<u>Fund Balance, Ending</u>	<u>-</u>	<u>743,671</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.0110%	0.0111%	0.0176%	0.0150%	0.0156%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$3,567,282	\$3,312,760	\$2,691,116	\$2,033,004	\$1,989,776	-	-	-	-	-
District's covered-employee payroll	\$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-employee payroll	690%	636%	351%	325%	324%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.2%	62.80%	64.06%	-	-	-	-	-

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 97,621	\$ 97,175	\$ 135,749	\$ 105,758	\$ 98,152	\$ 87,268	-	-	-	-
Contributions in relation to the contractually required contributions	<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-employee payroll	\$516,806	\$ 521,133	\$ 766,210	\$ 625,001	\$614,218	\$578,702	-	-	-	-
Contributions as a percentage of covered-employee payroll	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	0.0063%	0.0063%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$81,462	\$81,803	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$516,806	\$521,133	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.76%	15.70%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 5,271	\$ 5,315	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(5,271)</u>	<u>\$(5,315)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$516,806	\$521,133	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	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.

NON-MAJOR FUNDS

Fiduciary Fund Types

Agency Fund – Student Activity Fund – This fund is used to account for amounts held in a fiduciary capacity for student clubs and organizations.

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, 2018

	<u>Budgeted Amounts</u> <u>Original &amp; Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES</u>			
Earnings on Investments	120	139	19
<u>Total Revenues</u>	<u>120</u>	<u>139</u>	<u>19</u>
<u>EXPENDITURES</u>			
Appropriated Reserve	98,739	-	98,739
<u>Total Expenditures</u>	<u>98,739</u>	<u>-</u>	<u>98,739</u>
<u>Revenues Over (Under) Expenditures</u>	(98,619)	139	
<u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	30,000	30,000	-
<u>Net Change in Fund Balance</u>	(68,619)	30,139	
<u>FUND BALANCE, Beginning</u>	<u>68,619</u>	<u>121,465</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>151,604</u>	

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

CRESTONE CHARTER SCHOOL  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
BUDGET (GAAP BASIS) AND ACTUAL  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2018

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	Agency Funds		
	Budgeted Amounts Original & Final	Actual	Variance with Final Budget- Favorable (Unfavorable)
<u>ADDITIONS</u>			
Local Receipts	<u>100,018</u>	<u>20,302</u>	<u>(79,716)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>103,724</u>	<u>10,481</u>	<u>93,243</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	(3,706)	9,821	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>3,706</u>	<u>3,707</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u><u>-</u></u>	<u>13,528</u>	

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

CRESTONE CHARTER SCHOOL  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2018

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	<u>Balance</u> <u>07-01-2017</u>	<u>Agency Fund</u>		<u>Balance</u> <u>06-30-2018</u>
		<u>Additions</u>	<u>Deductions</u>	
<u>ASSETS</u>				
Cash	<u>3,707</u>	<u>20,302</u>	<u>10,481</u>	<u>13,528</u>
<u>LIABILITIES</u>				
Deposits Held for Others	<u>3,707</u>	<u>20,302</u>	<u>10,481</u>	<u>13,528</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 2017-18

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
	<b>Governmental</b>							
	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	666,022		1,312,815		1,235,166		743,671
	20.26-29 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	0		0		0		0
	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
	43 Capital Reserve Capital Projects Fund	121,465		30,139		0		151,604
	46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
	39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
	<b>Totals</b>							
	<b>Proprietary</b>							
	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
	<b>Totals</b>							
	<b>Fiduciary</b>							
	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	3,707		20,302		10,481		13,528
	79 GASB 34/Permanent Fund	0		0		0		0
	85 Foundations	0		0		0		0
	<b>Totals</b>							
	<b>Totals</b>	666,022		1,312,815		1,235,166		743,671

\*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 2017-18

Colorado School District/BOCES

Must mirror the combined balance sheet pages from your audit

LOCATION: 950

ASSETS	Governmental					Proprietary					Fiduciary			
	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	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	892,453	0	0	0	0	0	151,604	0	0	0	13,528	0	1,057,585
Cash with Fiscal Agent (8105)	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
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories (8171,8172,8173)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	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
<b>Total Assets</b>	<b>0</b>	<b>892,453</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>151,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,528</b>	<b>0</b>	<b>1,057,585</b>



**Colorado Department of Education**  
**Charter School Bolded Balance Sheet Report**  
 District: 2800 - MOFFAT 2  
 Fiscal Year 2017-18  
 Colorado School District/BOCES

Must mirror the combined balance sheet pages from your audit

LOCATION: 950

**LIABILITIES & FUND EQUITY**

**LIABILITIES**

	General Funds 10,12-18	Charter School Fund 11	Prestchool 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 40-45,47-48	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
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Payables (7411)	0	46,723	0	0	0	0	0	0	0	0	0	0	0	0	46,723
Other Payables (7421-7423)	0	9,089	0	0	0	0	0	0	0	0	0	0	0	0	9,089
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	0	54,959	0	0	0	0	0	0	0	0	0	0	0	0	54,959
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	38,011	0	0	0	0	0	0	0	0	0	0	0	0	38,011
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
<b>Total Liabilities</b>	<b>0</b>	<b>148,782</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,782</b>



**Colorado Department of Education**  
**Charter School Bolder Balance Sheet Report**

District: 2800 - MOFFAT 2

Fiscal Year 2017-18

Colorado School District/BOCES

Must mirror the combined balance sheet pages from your audit

LOCATION: 950

FUND EQUITY	General Funds 10,12-18 Fund 11	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	37,575	0	0	0	0	0	0	0	0	0	0	0	0	37,575
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	150,000	0	0	0	0	0	0	150,000
Committed Fund Balance 6750	0	0	0	0	0	0	0	1,604	0	0	0	0	0	0	1,604
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	0	706,096	0	0	0	0	0	0	0	0	0	0	13,528	0	719,624
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
<b>Total Fund Equity</b>	<b>0</b>	<b>743,671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>30,391</b>	<b>151,604</b>	<b>0</b>	<b>52,591</b>	<b>0</b>	<b>0</b>	<b>13,528</b>	<b>0</b>	<b>908,003</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>0</b>	<b>892,453</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>30,391</b>	<b>151,604</b>	<b>0</b>	<b>52,591</b>	<b>0</b>	<b>0</b>	<b>13,528</b>	<b>0</b>	<b>1,057,588</b>



**Colorado Department of Education**  
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District: 2800 - MOFFAT 2  
 Fiscal Year 2017-18

Colorado School District/BOCES

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General Funds 10-17-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Fund 20	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 72-79	Foundations Fund 85
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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