

**CRIPPLE CREEK - VICTOR SCHOOL
DISTRICT RE-1**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Cripple Creek - Victor School District RE-1

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cripple Creek - Victor School District RE-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cripple Creek - Victor School District RE-1, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cripple Creek - Victor School District RE-1's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal awards 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 combining and individual fund statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2022, on our consideration of the Cripple Creek - Victor School District RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cripple Creek - Victor School District RE-1's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
July 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2021

The discussion and analysis of Cripple Creek – Victor School District RE-1's (the "District") financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

Financial Highlights

The district's budget increased due to an influx of grants received for pandemic recovery. All increases in revenue were used to offset the cost of salary and benefits to retain staff in this rural area, increase mental health services available to staff and students, and for increased costs for cleanliness and safety. The District gets limited or no state funding due to the EAV and depends on a healthy fund balance to be able to continue to operate on its budget of property taxes. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs. However, increasing costs for salary and benefits, safety and security and the maintenance of the buildings are concerns for the district and how in the future these will be able to continue to be funded with the decrease expected in revenues due to the ongoing effects of the 2020 pandemic.

Using the Basic Financial Statements

The basic financial statements consist of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the District as a Whole

Fiscal Year 2020-2021 was the seventh year the District's Governmental net position reflected the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was effective as of July 1, 2017. This statement establishes standards of accounting and financial reporting for defined benefit Health Care Trust Funds.

Most of the district's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amounts legally restricted for TABOR emergencies and for debt repayment.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position, the District has governmental Activities:

Governmental Activities – The majority of the District's programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

A condensed summary of the District's Net Position is as follows:

Condensed Statement of Net Position

	2021	2020
	Governmental Activities	Governmental Activities
Current Assets	8,021,723	7,508,654
Non-Depreciable Assets	29,000	9,000
Depreciable Assets	22,410,263	22,247,145
Accumulated Depreciation	(9,821,568)	(9,221,686)
Total Assets	20,639,418	20,543,113
Deferred Charge on Refunding	238,019	290,911
Deferred Pension & OPEB Outflows	3,195,954	978,250
Total Deferred Outflows	3,433,973	1,269,161
Current Liabilities	979,889	1,348,669
Long-term Liabilities	4,316,965	5,205,180
Net Pension & OPEB Liabilities	9,472,371	8,072,577
Total Liabilities	14,769,225	14,626,426
Deferred Pension and OPEB Inflows	4,170,015	5,699,242
Total Deferred Inflows	4,170,015	5,699,242
Net Investment in Capital Assets	8,538,749	8,120,190
Restricted Net Position	2,045,670	1,973,308
Unrestricted Net Position	(5,450,268)	(8,606,892)
Total Net POSITION	5,134,151	1,486,606

Most of the district's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are primarily amounts legally restricted for TABOR emergencies and for debt repayment.

A condensed Statement of Activities is as follows:

Condensed Statement of Activities

	2021	2020
	Governmental Activities	Governmental Activities
Program Revenues		
Charges for Services	93,935	110,787
Operating Grants	3,239,197	2,502,960
Total Program Revenues	3,333,132	2,613,747
General Revenue		
Taxes	6,084,768	6,193,612
Grants and Contributions not restricted to specific programs	12,429	25,000
Investment Income	9,208	75,121
Miscellaneous	105,955	69,791
Total General Revenues	6,212,360	6,363,524
Total Revenues	9,545,492	8,977,271
Expenses		
Instruction	3,002,788	3,402,887
Supporting Services	1,567,740	1,556,624
Facilities acquisition & Construction	53,750	-
Community Services	837,452	817,716
Interest & Fiscal Charges	145,302	171,913
Food Service	290,915	244,594
Total Expenses	5,897,947	6,193,734
Change in Net Position	3,647,545	2,783,537
Net Position – July 1 – restated	1,486,606	(1,296,931)
Net Position - Ending June 30	5,134,151	1,486,606

Reporting the District’s Most Significant Funds

The analysis of the District’s major funds begins on page 47 of the audit report. Fund financial reports provide detailed information about the School District’s major funds. The District’s major funds are the General, Head Start, and Bond Redemption Funds.

Governmental Funds. Most of District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

Fiduciary Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund Financial Statements

As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$7,130,725 which is an increase of \$1,094,662 from the June 30, 2020 balance. The following is additional information by fund which contributed to the change.

General Fund equity increased from 2020 to 2021 by \$821,982. The increase is attributable the grant funding received due to the pandemic and the start of new program such as the Career and Technical Education program. The district will be watching this fund closely in the coming years to make sure our fiduciary responsibilities are met.

Federal Grants Fund continues to receive grant monies and expenditures match the monies received.

The Community Child Care Partnership Grant which is part of Head Start was in its fifth year of operation and as such the expenses were similar to the previous year's expenses. The district partnered with Community Partnership to oversee the programming requirements and the fiscal integrity of the programs. Head Start Fund equity remained constant as this operation is designed to operate on a break even basis.

The Debt Service Fund continues to pay down debt in this fund as the district refunded bonds within the last few years and is lowering the number of years the district pays on these bonds.

The Food Service Fund continues to receive transfers from the general fund to offset the cost of operations. The District is committed to ensuring all students are given access to nutritious, healthy meals daily.

Capital Assets

As of June 30, 2021, the District had a net of \$12,617,695 invested in a broad range of capital assets, including buildings and improvements, transportation and other equipment. A summary of the District's Capital Assets is as follows:

Governmental Activities	Balance 2020	Additions	Decreases	Balance 2021
Capital Assets not Being depreciated				
Construction in Progress	9,000	20,000	-	29,000
Capital Assets Being depreciated				
Buildings and Improvements	20,448,594	83,795	-	20,532,389
Transportation Equipment	1,798,551	79,323	-	1,877,874
Total Capital Assets	22,247,145	163,118	-	22,410,263
Less Accumulated Depreciation				
Buildings and Improvements	(8,029,673)	(474,120)	-	(8,503,793)
Transportation Equipment	(1,192,013)	(125,762)	-	(1,317,775)
Total Accumulated Depreciation	(9,221,686)	(599,882)	-	(9,821,568)
Total Capital Assets Being Depreciated	13,025,459	(436,764)	-	12,588,695
Net Capital Assets	13,034,459	(416,764)	-	12,617,695

Debt Administration

As of June 30, 2021, the District had total outstanding long-term obligations as follows:

	Balance 06/30/20	Additions	Deletions	Balance 06/30/21
General Obligation Bonds	4,940,000	-	840,000	4,100,000
Deferred Amounts Bond Premium	265,180	-	48,215	216,965
Total General Obligation Bonds Payable	5,205,180	-	888,215	4,316,965
Compensated Absences: Leave Liability	81,924	52,575	-	134,499
Total Long-term Obligations	5,287,104	52,575	888,215	4,451,464

General Fund Budget

The Board of Education adopts the District's preliminary budget in June of each year. Changes are made mid-year after student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. The Federal Grant Fund budget is revised as final allocations become known. Program funding is based upon student enrollment on October 1st of each year. This per pupil funding is a combination of Property Tax, State Equalization and Specific Ownership Tax.

Economic Factors and Next Year's Budget

The District saw an increase in pupil enrollment this year and a slight decrease with the pandemic in the 2021-2022 school year. The District is hopeful this will change back to an increase with the addition a career and technology program option for students with a competency-based education system with the use of the Governors RISE grant funding awarded the District. The Board of Education and District Administration feel it is important to maintain and continue a strong, stable budget. Beginning fund balances in the General and Capital Reserve Funds need to be increased to ensure two things: 1) sufficient operating capital; and 2) allow enough of a reserve to allow upkeep and maintenance of buildings and grounds. Bond funds have been conservatively invested through UMB. The Board of Education and District Administration are diligent in their efforts to embrace creative budgeting ideas. Both believe that by providing excellence in education in a safe environment that is conducive to learning; the District will benefit from increased student enrollment and continued community support.

Requests for Information

This financial report is designed to provide a general overview of the Cripple Creek – Victor School District RE-1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, P O Box 897, Cripple Creek, Colorado 80813-0897.

BASIC FINANCIAL STATEMENTS

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,857,968
Restricted cash and investments	1,732,274
Cash with County Treasurer	67,442
Taxes receivable	94,017
Intergovernmental receivables	267,650
Other receivables	156
Inventories and prepaid expenses	2,216
Capital assets, not being depreciated	29,000
Capital assets being depreciated	12,588,695
	20,639,418
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	238,019
Deferred pension outflows	3,157,193
Deferred OPEB outflows	38,761
	3,433,973
LIABILITIES	
Accounts payable and other current liabilities	285,849
Accrued salaries and benefits	326,213
Compensated absences	134,499
Unearned revenue	222,484
Accrued interest	10,844
Long-term liabilities	
Due within one year	865,000
Due in more than one year	3,451,965
Net pension liability	9,140,129
Net OPEB liability	332,242
	14,769,225
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	4,041,590
Deferred OPEB inflows	128,425
	4,170,015
NET POSITION	
Net investment in capital assets	8,538,749
Restricted for:	
Emergency reserve (TABOR)	188,000
Debt service	1,742,345
Other purposes	115,325
Unrestricted	(5,450,268)
	\$ 5,134,151

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<u>Functions/Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 3,002,788	\$ 47,097	\$ 2,971,211	\$ -	\$ 15,520
Supporting services	1,567,740	41,848	21,768	-	(1,504,124)
Food service operations	290,915	4,990	246,218	-	(39,707)
Community services	837,452	-	-	-	(837,452)
Facilities acquisition	53,750	-	-	-	(53,750)
Interest on long-term debt	145,302	-	-	-	(145,302)
Total primary government	<u>\$ 5,897,947</u>	<u>\$ 93,935</u>	<u>\$ 3,239,197</u>	<u>\$ -</u>	<u>(2,564,815)</u>
General revenues:					
Property taxes					5,470,008
Specific ownership taxes					614,760
Grants and contributions not restricted to specific programs					12,429
Unrestricted investment earnings					9,208
Miscellaneous					105,955
Total general revenues					6,212,360
Change in net position					3,647,545
Net position - beginning					1,486,606
Net position - ending					\$ 5,134,151

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Head Start Fund	Bond Redemption Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,616,113	\$ 146,009	\$ -	\$ 95,846	\$ 5,857,968
Restricted cash and investments	-	-	1,732,274	-	1,732,274
Cash with County Treasurer	65,394	-	2,048	-	67,442
Taxes receivable	61,336	-	32,681	-	94,017
Intergovernmental receivables	200,243	36,616	-	30,791	267,650
Other receivables	-	-	-	156	156
Due from other funds	136,891	-	1,006	1,212,859	1,350,756
Inventories and prepaids	-	-	-	2,216	2,216
	<u>\$ 6,079,977</u>	<u>\$ 182,625</u>	<u>\$ 1,768,009</u>	<u>\$ 1,341,868</u>	<u>\$ 9,372,479</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 232,380	\$ 42,135	\$ -	\$ 11,333	\$ 285,848
Accrued salaries and benefits	293,452	1,624	-	31,137	326,213
Due to other funds	1,194,856	99,282	-	56,618	1,350,756
Unearned revenue	14,520	39,584	-	168,380	222,484
	<u>1,735,208</u>	<u>182,625</u>	<u>-</u>	<u>267,468</u>	<u>2,185,301</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	30,789	-	25,664	-	56,453
	<u>30,789</u>	<u>-</u>	<u>25,664</u>	<u>-</u>	<u>56,453</u>
FUND BALANCES					
Nonspendable for:					
Inventories and prepaid expenses	-	-	-	2,216	2,216
Restricted for:					
Emergency reserve (TABOR)	188,000	-	-	-	188,000
Debt service	-	-	1,742,345	-	1,742,345
Preschool	115,325	-	-	-	115,325
Committed for:					
Food service operations	-	-	-	352	352
Pupil Activities	-	-	-	144,793	144,793
Assigned for:					
Capital projects	-	-	-	927,039	927,039
Unassigned	4,010,655	-	-	-	4,010,655
	<u>4,313,980</u>	<u>-</u>	<u>1,742,345</u>	<u>1,074,400</u>	<u>7,130,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,079,977</u>	<u>\$ 182,625</u>	<u>\$ 1,768,009</u>	<u>\$ 1,341,868</u>	<u>\$ 9,372,479</u>

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

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

Total fund balance - governmental funds	\$	7,130,725
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$	29,000
Capital assets, net of depreciation		<u>12,588,695</u>
		12,617,695
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		
		56,452
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	\$	238,019
Net pension liabilities		(9,140,129)
Pension outflows		3,157,193
Pension inflows		(4,041,590)
Net OPEB liabilities		(332,242)
OPEB outflows		38,761
OPEB inflows		(128,425)
Accrued interest		(10,844)
Compensated absences		(134,499)
Unamortized premium on bonds		(216,965)
Bonds payable		<u>(4,100,000)</u>
		<u>(14,670,721)</u>
Net position of governmental activities in the statement of net position	\$	<u><u>5,134,151</u></u>

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Head Start Fund	Bond Redemption Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 5,397,271	\$ 36,238	\$ 1,053,330	\$ 166,725	\$ 6,653,564
State sources	637,807	-	-	1,375	639,182
Federal sources	578,015	1,414,710	-	422,359	2,415,084
Total revenues	<u>6,613,093</u>	<u>1,450,948</u>	<u>1,053,330</u>	<u>590,459</u>	<u>9,707,830</u>
EXPENDITURES					
Instruction	3,081,017	613,519	-	282,407	3,976,943
Supporting services	2,332,041	1,908	-	41,897	2,375,846
Food service operations	6,651	-	-	311,156	317,807
Community services	6,132	835,521	-	63,464	905,117
Facilities acquisition and construction	-	-	-	53,750	53,750
Debt service	-	-	983,705	-	983,705
Total expenditures	<u>5,425,841</u>	<u>1,450,948</u>	<u>983,705</u>	<u>752,674</u>	<u>8,613,168</u>
Excess (deficiency) of revenues over expenditures	<u>1,187,252</u>	<u>-</u>	<u>69,625</u>	<u>(162,215)</u>	<u>1,094,662</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	365,270	365,270
Transfers out	(365,270)	-	-	-	(365,270)
Total other financing sources (uses)	<u>(365,270)</u>	<u>-</u>	<u>-</u>	<u>365,270</u>	<u>-</u>
Net change in fund balances	821,982	-	69,625	203,055	1,094,662
Fund balances - beginning	<u>3,491,998</u>	<u>-</u>	<u>1,672,720</u>	<u>871,345</u>	<u>6,036,063</u>
Fund balances - ending	<u>\$ 4,313,980</u>	<u>\$ -</u>	<u>\$ 1,742,345</u>	<u>\$ 1,074,400</u>	<u>\$ 7,130,725</u>

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds:	\$	1,094,662
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	\$ 183,118	
Depreciation	<u>(599,882)</u>	(416,764)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		(162,338)
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.		2,100
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal	\$ 840,000	
Amortization of deferred on refunding	(52,892)	
Accretion of bond premium	<u>48,215</u>	835,323
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.		(52,575)
Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension expenses	\$ 2,317,303	
OPEB expenses	<u>29,834</u>	<u>2,347,137</u>
Change in net position of governmental activities		<u><u>\$ 3,647,545</u></u>

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	<u>Private- Purpose Trust Fund</u>
ASSETS	
Cash and investments	<u>\$ 5,299</u>
Total assets	<u><u>\$ 5,299</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
NET POSITION	
Held in trust for individuals Expendable	<u>5,299</u>
Total net position	<u><u>\$ 5,299</u></u>

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE, 30 2021

	Private- Purpose Trust Fund
ADDITIONS	
Investment income	\$ 4
Total additions	4
DEDUCTIONS	
Scholarship awards	-
Total deductions	-
Change in net position	4
Net position - beginning	5,295
Net position - ending	\$ 5,299

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

NOTES TO FINANCIAL STATEMENTS

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cripple Creek - Victor School District RE-1 (the District) of Teller County was organized by a vote of qualified electorate in 1959, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with five members and provides educational services to approximately 336 students.

The financial statements of Cripple Creek - Victor School District RE-1 have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. DESCRIPTION OF GOVERNMENT-WIDE 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Head Start Fund* is used to record financial transactions for grants received for the District's federal Head Start Program.

The *Bond Redemption Fund* accounts for the accumulation of resources restricted for the servicing of the District's general obligation bonds.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *Food Service Fund* accounts for the Districts food service program. This fund is required to account for USDA school breakfast and lunch money received by the District.

The *Student Activity Fund* is used to account for the revenues and expenditures related to school sponsored student intrascholastic and interscholastic athletic and other related activities. The fund receives subsidies from the General Fund.

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

The *Capital Reserve Fund* is used to account for purposes and limitations specified by C.R.S. Section 22-45-103 (1)(c), including acquisition of sites, buildings, equipment and vehicles.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund:

The *Private Purpose Trust Fund* is used to report any trust arrangement under which the principal and/or income benefit students and the funds are not used as part of the operations of the District.

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Restricted cash and investments

The use of certain cash and investments of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Receivables

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

Inventories and prepaid items

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include buildings and improvements, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000 in all funds. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and improvements, equipment, and vehicles of the government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15- 45 years
Equipment and vehicles	5 - 15 years

Pensions

Cripple Creek - Victor School District RE-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Health Care Trust Fund

Cripple Creek - Victor School District RE-1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred outflows/inflows of resources

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

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

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position flow assumption

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

Fund balance flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund balance classification

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 15 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The Teller County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2021 is 11.101 mills for general operating expenses and 2.55 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2021 is \$399,485,200.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

Accumulated discretionary days are reimbursed upon voluntary termination of employment if the employee has been employed with the District for at least five consecutive years. Discretionary days are not reimbursed to any individual terminated by the District.

The current portion of this liability represents the amounts that would be liquidated with expendable available financial resources and would be recorded in the General Fund. The current portion is not material. Therefore, a liability of these benefits has not been reflected in these statements.

H. ESTIMATES

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education 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 hearings are conducted at Board of Education meetings to obtain taxpayers comments.
3. Prior to June 30, the budget is adopted by the Board of Education.
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 Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations of the Food Service, Student Activity, Designated-Purpose Grants, and Capital Reserve funds by \$71,621, \$3,800, \$3,433 and \$11,970, respectively. These over expenditures were funded by beginning fund balances and greater than anticipated revenues.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits	\$ 474,640
Investments	<u>7,115,602</u>
Total	<u>\$ 7,590,242</u>

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

Cash and investments	\$ 5,857,968
Restricted cash and investments	<u>1,732,274</u>
Total	<u>\$ 7,590,242</u>

Cash deposits with financial institutions

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions (continued)

The carrying amount of the District’s deposits at June 30, 2021 was \$474,640 and the bank balances were \$917,852. Of the bank balances, \$370,373 was covered by federal deposit insurance and \$547,479 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA).

Investments

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

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

At June 30, 2021 the District’s investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
ColoTrust	Less than 60 days	\$ 7,115,602	AAAm

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

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. State law and District investment policy limit investment maturities to five years or less as a means of management exposure to fair value loss resulting from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, almost all investments of the District have maturities less than six months. As such, due to the short-term nature of the District’s investments, interest rate risk is minimized.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2021 all of the District’s investments in COLOTRUST and money markets were rated AAAM by Standard & Poor’s.

In accordance with state law, the District has designated UMB as the third party custodian for the bond redemption fund. Funds held at June 30, 2021 total \$1,732,274 and are included with the ColoTrust investments above.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

The composition of interfund balances at June 30, 2021 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 136,891	\$ 1,194,856
Head Start Fund	-	99,282
Bond Redemption Fund	1,006	-
Total Nonmajor Funds	<u>1,212,859</u>	<u>56,618</u>
Total	<u>\$ 1,350,756</u>	<u>\$ 1,350,756</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers

Interfund transfer activity for the year ended June 30, 2021 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 365,270
Total Nonmajor Funds	<u>365,270</u>	<u>-</u>
Total	<u>\$ 365,270</u>	<u>\$ 365,270</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 9,000	\$ 20,000	\$ -	\$ 29,000
Total capital assets not being depreciated	<u>9,000</u>	<u>20,000</u>	<u>-</u>	<u>29,000</u>
Capital assets being depreciated:				
Buildings and improvements	20,448,594	83,795	-	20,532,389
Equipment and vehicles	<u>1,798,551</u>	<u>79,323</u>	<u>-</u>	<u>1,877,874</u>
Total capital assets being depreciated	<u>22,247,145</u>	<u>163,118</u>	<u>-</u>	<u>22,410,263</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,029,673)	(474,120)	-	(8,503,793)
Equipment and vehicles	<u>(1,192,013)</u>	<u>(125,762)</u>	<u>-</u>	<u>(1,317,775)</u>
Total accumulated depreciation	<u>(9,221,686)</u>	<u>(599,882)</u>	<u>-</u>	<u>(9,821,568)</u>
Total capital assets being depreciated, net	<u>13,025,459</u>	<u>(436,764)</u>	<u>-</u>	<u>12,588,695</u>
Governmental activities capital assets, net	<u>\$ 13,034,459</u>	<u>\$ (416,764)</u>	<u>\$ -</u>	<u>\$ 12,617,695</u>

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

Governmental Activities

Instruction	<u>\$ 599,882</u>
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NOTE 6 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, are \$326,213. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2021 are as follows:

	<u>Principal Balance</u>
2014 General Obligation Refunding Bonds – On December 17, 2014, the District issued \$6,560,000 of General Obligation Refunding Bonds for the purpose of refunding the 2007 & 2008 General Obligation Bonds. The bonds are payable in annual installments in varying amounts including interest through December 1, 2027; interest accrues at an annual rate ranging from 2.00% to 3.50%.	<u>\$ 4,100,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 865,000	\$ 117,150
2023	895,000	90,750
2024	915,000	63,600
2025	950,000	33,250
2026	475,000	8,313
Total	<u>\$ 4,100,000</u>	<u>\$ 313,063</u>

Legal Debt Margin

Assessed valuation	<u>\$ 399,485,200</u>
Debt limit – 20% of assessed valuation	79,897,040
General obligation debt	<u>4,100,000</u>
	<u>\$ 75,747,040</u>

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

Accrued discretionary days for all of the District's full-time employees totaled \$134,499 at June 30, 2021. Accrued discretionary days are payable only to full time employees with at least five years of continuous service with the District.

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2021:

	<u>Balance</u> <u>06/30/20</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/21</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 4,940,000	\$ -	\$ 840,000	\$ 4,100,000	\$ 865,000
Unamortized bond premium	<u>265,180</u>	<u>-</u>	<u>48,215</u>	<u>216,965</u>	<u>-</u>
Total bonds payable	5,205,180	-	888,215	4,316,965	865,000
Compensated absences	<u>81,924</u>	<u>52,575</u>	<u>-</u>	<u>134,499</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 5,287,104</u>	<u>\$ 52,575</u>	<u>\$ 888,215</u>	<u>\$ 4,451,464</u>	<u>\$ 865,000</u>

Payments on the general obligation bonds are made by the debt service fund with property taxes. The compensated absences liabilities are paid by the fund for which the employee worked.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Cripple Creek - Victor School District RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Cripple Creek - Victor School District RE-1 were \$662,382 for the year ended June 30, 2021.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Cripple Creek - Victor School District RE-1 proportion of the net pension liability was based on Cripple Creek - Victor School District RE-1 contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At June 30, 2021, the Cripple Creek - Victor School District RE-1 reported a liability of \$9,140,129 for its proportionate share of the net pension liability. The amount recognized by the Cripple Creek - Victor School District RE-1 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Cripple Creek - Victor School District RE-1 were as follows:

Cripple Creek - Victor School District RE-1 proportionate share of the net pension liability	\$ 9,140,129
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Cripple Creek - Victor School District RE-1	-
Total	\$ 9,140,129

At December 31, 2020, the Cripple Creek - Victor School District RE-1 proportion was 0.0604586509 percent, which was an increase of 0.0089567189 percent from its proportion measured as of December 31, 2019.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Cripple Creek - Victor School District RE-1 recognized pension expense of (\$2,317,303). At June 30, 2021, the Cripple Creek - Victor School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 502,205	\$ -
Changes of assumptions or other inputs	879,252	1,536,378
Net difference between projected and actual earnings on pension plan investments	-	2,011,950
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,435,312	493,262
Contributions subsequent to the measurement date	340,424	N/A
Total	\$ 3,157,193	\$ 4,041,590

\$340,424 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (1,431,812)
2023	634,891
2024	(110,504)
2025	(317,396)
2026	-
Thereafter	-

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 12,467,884	\$ 9,140,129	\$ 6,367,012

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

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Health Care Trust Fund

Plan description. Eligible employees of the Cripple Creek - Victor School District RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

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

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

PERA Benefit Structure

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Cripple Creek - Victor School District RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Cripple Creek - Victor School District RE-1 were \$33,988 for the year ended June 30, 2021.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

At June 30, 2021, the Cripple Creek - Victor School District RE-1 reported a liability of \$332,242 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Cripple Creek - Victor School District RE-1 proportion of the net OPEB liability was based on Cripple Creek - Victor School District RE-1 contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Cripple Creek - Victor School District RE-1 proportion was 0.0349645220 percent, which was an increase of 0.0013079130 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Cripple Creek - Victor School District RE-1 recognized OPEB expense of \$29,834. At June 30, 2021, the Cripple Creek - Victor School District RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 882	\$ 73,043
Changes of assumptions or other inputs	2,482	20,373
Net difference between projected and actual earnings on OPEB plan investments	-	13,576
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,929	21,433
Contributions subsequent to the measurement date	17,468	N/A
Total	\$ 38,761	\$ 128,425

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

\$17,468 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (27,961)
2023	(26,062)
2024	(23,872)
2025	(22,801)
2026	(6,072)
Thereafter	(364)

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

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

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

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

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Cripple Creek - Victor School District RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$323,654	\$332,242	\$342,238

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the Cripple Creek - Victor School District RE-1 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	\$ 380,589	\$ 332,242	\$ 290,933

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

NOTE 10 - RISK MANAGEMENT

The District 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 District 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 11 – JOINT VENTURE

Ute Pass Board of Cooperative Educational Services

The District in conjunction with other surrounding districts created the Ute Pass Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The District does not have an ongoing financial interest in or responsibility for the BOCES. Financial statements for the BOCES can be obtained from their office at 405 El Monte Place, Manitou Springs, Colorado 80829.

Colorado Educational Benefits Trust

Colorado Educational Benefits Trust (CEBT) is a separate legal entity originally established by twenty-two member school districts pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution.

The purpose of CEBT is to provide members the benefits of decreased costs in obtaining medical, life, dental and vision coverage for the employees of the member districts. The expense of coverage paid to CEBT is paid annually from the fund in which the employee receives compensation. Contingent liability claims for the coverage have not been recognized to date after reviewing claims history and the remoteness of potential loss in excess of school contributions by the District.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – JOINT VENTURE (CONTINUED)

Colorado Educational Benefits Trust (continued)

It is the intent of the members of CEBT to operate an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with bylaws, any member of CEBT against stated liability or loss to the limit of the financial resources of CEBT. It is also the intent of the members to have CEBT provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CEBT shall be at all times dedicated to the exclusive benefit of its members. CEBT is a separate legal entity and under Colorado Law is not required to prepare budgets. The District does not have the ability to significantly affect the operations of the unit.

Condensed financial information for the CEBT pool for the year ended June 30, 2020 is as follows:

Assets	\$	70,210,000
Liabilities		32,116,000
Net Position	\$	38,094,000
Revenue	\$	228,563,000
Expenses		217,756,000
Change in Net Position	\$	10,807,000

CEBT issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Trust’s administrator, Willis of Colorado, Inc., 2000 S. Colorado Blvd., Tower II, Suite 900, Denver, CO 80222.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, would be immaterial.

Southern Teller County Public Library District

On August 18, 2014 the District signed a Memorandum of Understanding with the Southern Teller County Public Library District that outlines an operating agreement between the two public entities. The agreement provides for shared costs and services that include occupancy costs, utilities, director salary, and library resources.

NOTE 13 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS

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

The Amendment requires Emergency Reserves to be established. These reserves must be at least 3 percent of Fiscal Year Spending. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. At June 30, 2021, the District's reserve of \$188,000 was reported as restricted fund balance in the General Fund.

Spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1997, the registered voters approved a ballot resolution authorizing Cripple Creek - Victor School District RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

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

REQUIRED SUPPLEMENTARY INFORMATION

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0604586509%	0.0515019320%	0.0535914482%	0.0603996419%	0.0645587548%	0.0658102844%	0.0659470600%	0.0682975796%
\$	9,140,129	7,694,277	9,489,467	19,531,098	19,221,638	10,065,218	8,938,042	8,711,338
District's proportionate share of the net pension liability (asset)								
State's proportionate share of the net pension liability (asset) associated with the District	-	975,921	1,297,553	-	-	-	-	-
Total	<u>\$ 9,140,129</u>	<u>\$ 8,670,198</u>	<u>\$ 10,787,020</u>	<u>\$ 19,531,098</u>	<u>\$ 19,221,638</u>	<u>\$ 10,065,218</u>	<u>\$ 8,938,042</u>	<u>\$ 8,711,338</u>
District's covered payroll	\$ 3,233,330	\$ 3,026,578	\$ 2,946,210	\$ 2,786,164	\$ 2,897,513	\$ 2,867,997	\$ 2,762,709	\$ 2,753,293
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 662,382	\$ 611,550	\$ 571,411	\$ 523,079	\$ 539,201	\$ 511,117	\$ 454,258	\$ 414,265
Contributions in relation to the contractually required contribution	(662,382)	(611,550)	(571,411)	(523,079)	(539,201)	(511,117)	(454,258)	(414,265)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,331,903	\$ 3,155,574	\$ 2,986,989	\$ 2,770,546	\$ 2,933,631	\$ 2,882,781	\$ 2,691,101	\$ 2,592,398
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

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

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

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2021

	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.0349645220%	0.0336566090%	0.0348347580%	0.0342865141%	0.0366961332%
District's proportionate share of the net OPEB liability (asset)	\$ 332,242	\$ 378,300	\$ 473,942	\$ 445,588	\$ 475,778
District's covered payroll	\$ 3,233,330	\$ 3,026,578	\$ 2,946,210	\$ 2,786,164	\$ 2,897,513
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.50%	16.09%	15.99%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 33,988	\$ 32,188	\$ 30,467	\$ 28,232	\$ 29,911
Contributions in relation to the contractually required contribution	<u>(33,988)</u>	<u>(32,188)</u>	<u>(30,467)</u>	<u>(28,232)</u>	<u>(29,911)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,331,903	\$ 3,155,574	\$ 2,986,989	\$ 2,770,546	\$ 2,933,631
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund of the District.

Included in this presentation is the Preschool Sub-Funds of the General Fund. This fund allows the District to separate the accounting and maintain a self-balancing set of records specific to this activity.

The General Fund is deemed to be a major fund for financial reporting purposes.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ 4,001,841	\$ 4,320,186	\$ 4,582,151	\$ 261,965
Specific ownership taxes	500,000	615,000	614,760	(240)
Other local sources	148,440	280,000	200,360	(79,640)
Total local sources	<u>4,650,281</u>	<u>5,215,186</u>	<u>5,397,271</u>	<u>182,085</u>
State sources:				
Other state funding	605,839	609,632	637,807	28,175
Total state sources	<u>605,839</u>	<u>609,632</u>	<u>637,807</u>	<u>28,175</u>
Federal sources	66,949	42,324	578,015	535,691
Total revenues	<u>5,323,069</u>	<u>5,867,142</u>	<u>6,613,093</u>	<u>745,951</u>
EXPENDITURES				
Instruction	3,102,685	3,392,625	3,081,017	311,608
Supporting services:				
Student services	401,731	441,925	415,384	26,541
Instructional staff	88,755	97,635	91,771	5,864
General administration	313,235	328,391	285,170	43,221
School administration	341,235	388,976	352,832	36,144
Business services	181,685	199,862	187,859	12,003
Operation and maintenance	528,395	581,261	546,352	34,909
Student transportation	276,307	302,791	279,261	23,530
Central services	167,712	184,492	173,412	11,080
Total expenditures	<u>5,401,740</u>	<u>5,917,958</u>	<u>5,425,841</u>	<u>492,117</u>
Excess (deficiency) of revenues over expenditures	<u>(78,671)</u>	<u>(50,816)</u>	<u>1,187,252</u>	<u>1,238,068</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(213,865)</u>	<u>(213,865)</u>	<u>(365,270)</u>	<u>(151,405)</u>
Total other financing sources (uses)	<u>(213,865)</u>	<u>(213,865)</u>	<u>(365,270)</u>	<u>(151,405)</u>
Net change in fund balance	(292,536)	(264,681)	821,982	1,086,663
Fund balance - beginning	<u>3,491,998</u>	<u>3,491,998</u>	<u>3,491,998</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,199,462</u>	<u>\$ 3,227,317</u>	<u>\$ 4,313,980</u>	<u>\$ 1,086,663</u>

See the accompanying independent auditors' report.

HEAD START FUND

The Head Start Fund is a special revenue fund that accounts for the transactions of the federal Head Start program.

The Head Start Fund is deemed to be a major fund for financial reporting purposes.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
HEAD START FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Other local sources	\$ -	\$ -	\$ 36,238	\$ 36,238
Federal sources	1,564,711	1,640,288	1,414,710	(225,578)
Total revenues	<u>1,564,711</u>	<u>1,640,288</u>	<u>1,450,948</u>	<u>(189,340)</u>
EXPENDITURES				
Instruction	533,157	608,834	613,519	(4,685)
Supporting services:				
Business services	100	-	72	(72)
Operation and maintenance	5,001	5,001	1,638	3,363
Student transportation	4,000	4,000	198	3,802
Community services	<u>1,022,453</u>	<u>1,022,453</u>	<u>835,521</u>	<u>186,932</u>
Total expenditures	<u>1,564,711</u>	<u>1,640,288</u>	<u>1,450,948</u>	<u>189,340</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOND REDEMPTION FUND

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources:			
Property taxes	\$ 1,044,159	\$ 1,050,194	\$ 6,035
Other local sources	-	3,136	3,136
Total revenues	<u>1,044,159</u>	<u>1,053,330</u>	<u>9,171</u>
EXPENDITURES			
Debt service	<u>1,044,159</u>	<u>983,705</u>	<u>60,454</u>
Total expenditures	<u>1,044,159</u>	<u>983,705</u>	<u>60,454</u>
Net change in fund balance	-	69,625	69,625
Fund balance - beginning	<u>1,672,720</u>	<u>1,672,720</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1,672,720</u></u>	<u><u>\$ 1,742,345</u></u>	<u><u>\$ 69,625</u></u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education for purposes of better administration. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Student Activity Fund

This fund accounts for the transactions of student organizations and clubs.

Governmental Designated-Purpose Grants Fund

This fund is authorized by Colorado state law to record financial transactions for the grants received for designated programs funded by federal, state, or local resources.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets.

Capital Reserve Fund

This fund is used to account for significant capital expenditures of the District.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Governmental Designated-Purpose Grants Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	
ASSETS					
Cash and investments	\$ -	\$ 95,846	\$ -	\$ -	\$ 95,846
Intergovernmental receivables	24,417	-	6,374	-	30,791
Other receivables	-	156	-	-	156
Due from other funds	30,387	50,970	204,174	927,328	1,212,859
Inventories and prepaids	2,216	-	-	-	2,216
	<u>57,020</u>	<u>146,972</u>	<u>210,548</u>	<u>927,328</u>	<u>1,341,868</u>
Total assets	<u>\$ 57,020</u>	<u>\$ 146,972</u>	<u>\$ 210,548</u>	<u>\$ 927,328</u>	<u>\$ 1,341,868</u>
LIABILITIES					
Accounts payable and other accrued liabilities	\$ 2,713	\$ 2,179	\$ 6,152	\$ 289	\$ 11,333
Accrued salaries and benefits	14,508	-	16,629	-	31,137
Due to other funds	37,231	-	19,387	-	56,618
Unearned revenue	-	-	168,380	-	168,380
	<u>54,452</u>	<u>2,179</u>	<u>210,548</u>	<u>289</u>	<u>267,468</u>
Total liabilities	<u>54,452</u>	<u>2,179</u>	<u>210,548</u>	<u>289</u>	<u>267,468</u>
FUND BALANCES					
Nonspendable	2,216	-	-	-	2,216
Committed for:					
Food service operations	352	-	-	-	352
Pupil activities	-	144,793	-	-	144,793
Assigned for:					
Capital projects	-	-	-	927,039	927,039
	<u>2,568</u>	<u>144,793</u>	<u>-</u>	<u>927,039</u>	<u>1,074,400</u>
Total fund balances	<u>2,568</u>	<u>144,793</u>	<u>-</u>	<u>927,039</u>	<u>1,074,400</u>
Total liabilities and fund balances	<u>\$ 57,020</u>	<u>\$ 146,972</u>	<u>\$ 210,548</u>	<u>\$ 927,328</u>	<u>\$ 1,341,868</u>

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			Capital Projects Funds	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	Governmental Designated-Purpose Grants Fund	Capital Reserve Capital Projects Fund	
REVENUES					
Local sources	\$ 29,490	\$ 87,235	\$ -	\$ 50,000	\$ 166,725
State sources	1,375	-	-	-	1,375
Federal sources	210,343	-	212,016	-	422,359
Total revenues	241,208	87,235	212,016	50,000	590,459
EXPENDITURES					
Instruction	-	3,088	170,119	109,200	282,407
Supporting services	-	-	41,897	-	41,897
Food service operations	311,156	-	-	-	311,156
Community services	-	63,464	-	-	63,464
Facilities acquisition and construction	-	-	-	53,750	53,750
Total expenditures	311,156	66,552	212,016	162,950	752,674
Excess (deficiency) of revenues over (under) expenditures	(69,948)	20,683	-	(112,950)	(162,215)
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	67,209	-	-	298,061	365,270
Net change in fund balances	(2,739)	20,683	-	185,111	203,055
Fund balances - beginning	5,307	124,110	-	741,928	871,345
Fund balances - ending	\$ 2,568	\$ 144,793	\$ -	\$ 927,039	\$ 1,074,400

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources	\$ 26,150	\$ 29,490	\$ 3,340
State sources	3,500	1,375	(2,125)
Federal sources	147,000	210,343	63,343
	<u>176,650</u>	<u>241,208</u>	<u>64,558</u>
EXPENDITURES			
Food service operations	239,535	311,156	(71,621)
	<u>239,535</u>	<u>311,156</u>	<u>(71,621)</u>
Excess (deficiency) of revenues over expenditures	<u>(62,885)</u>	<u>(69,948)</u>	<u>(7,063)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	62,885	67,209	4,324
Net change in fund balance	-	(2,739)	(2,739)
Fund balance - beginning	<u>5,307</u>	<u>5,307</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,307</u>	<u>\$ 2,568</u>	<u>\$ (2,739)</u>

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
STUDENT ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 60,000	\$ 87,235	\$ 27,235
Total revenues	60,000	87,235	27,235
EXPENDITURES			
Instruction	-	3,088	(3,088)
Supporting services	60,000	63,464	(3,464)
Total expenditures	60,000	66,552	(3,800)
Net change in fund balance	-	20,683	23,435
Fund balance - beginning	124,110	124,110	-
Fund balance - ending	\$ 124,110	\$ 144,793	\$ 23,435

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 208,583	\$ 212,016	\$ 3,433
Total revenues	208,583	212,016	3,433
EXPENDITURES			
Instruction	159,749	170,119	(10,370)
Supporting services	48,834	41,897	6,937
Total expenditures	208,583	212,016	(3,433)
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -	\$ 50,000	\$ 50,000
Total revenues	<u>-</u>	<u>50,000</u>	<u>50,000</u>
EXPENDITURES			
Instruction	150,980	109,200	41,780
Facilities acquisition and construction	<u>-</u>	<u>53,750</u>	<u>(53,750)</u>
Total expenditures	<u>150,980</u>	<u>162,950</u>	<u>(11,970)</u>
Excess (deficiency) of revenues over expenditures	(150,980)	(112,950)	38,030
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>150,980</u>	<u>298,061</u>	<u>147,081</u>
Net change in fund balance	-	185,111	185,111
Fund balance - beginning	<u>741,928</u>	<u>741,928</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 741,928</u></u>	<u><u>\$ 927,039</u></u>	<u><u>\$ 185,111</u></u>

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity. The District has the following Fiduciary Fund:

Private-Purpose Trust Scholarship Fund

This fund was created to account for scholarships.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Investment income	\$ -	\$ 4	\$ 4
Total additions	-	4	4
DEDUCTIONS			
Scholarship awards	-	-	-
Total deductions	-	-	-
Change in net position	-	4	4
Net position - beginning	5,295	5,295	-
Net position - ending	<u>\$ 5,295</u>	<u>\$ 5,299</u>	<u>\$ 4</u>

See the accompanying independent auditors' report.

SINGLE AUDIT

**CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
National School Lunch Program	10.555	4555	\$ -	\$ 68,039
Summer Food Service Program for Children	10.559	4559		120,450
Child Nutrition Discretionary Grants	10.579	5579		6,053
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		11,197
<i>Total Child Nutrition Cluster</i>				<u>205,739</u>
Passed Through Colorado Department of Public Health & Environment				
Child and Adult Care Food Program	10.558	4558		4,604
Total U.S. Department of Agriculture				<u>210,343</u>
U.S. Department of Treasury				
Passed Through Colorado Department of Education				
Coronavirus Relief Fund	21.019	4012		311,583
U.S. Department of Education				
Direct Programs				
Rural Education	84.358	4358		40,632
Passed Through Colorado Department of Education				
No Child Left Behind, Title I, Part A	84.010	4010		90,995
Quality Teacher, Title II, Part A	84.367	4367		17,577
Student Support and Academic Enrichment Program	84.424	4424		11,316
Education Stabilization Fund	84.425	4414, 4420, 4425, 5525		237,320
Passed Through Colorado Community College System				
Total U.S. Department of Education				<u>397,840</u>
U.S. Department of Health and Human Services				
Direct Programs				
Head Start	93.600	8600		1,414,710
Total Federal Awards			<u>\$ -</u>	<u>\$ 2,334,476</u>

See the accompanying independent auditors' report.

CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Cripple Creek - Victor School District RE-1 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cripple Creek - Victor School District RE-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cripple Creek - Victor School District RE-1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Cripple Creek - Victor School District RE-1 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2021, Cripple Creek - Victor School District RE-1 received \$11,197 in non-cash assistance in the form of food commodities. Commodities are valued at current market value at the time of receipt.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Cripple Creek - Victor School District RE-1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cripple Creek - Victor School District RE-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cripple Creek - Victor School District RE-1’s basic financial statements, and have issued our report thereon dated July 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cripple Creek - Victor School District RE-1’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cripple Creek - Victor School District RE-1’s internal control. Accordingly, we do not express an opinion on the effectiveness of Cripple Creek - Victor School District RE-1’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2021-002 and 2021-003.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cripple Creek - Victor School District RE-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cripple Creek - Victor School District RE-1's Response to Findings

Cripple Creek - Victor School District RE-1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cripple Creek - Victor School District RE-1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoelting & Company, Inc.

Colorado Springs, Colorado
July 22, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Cripple Creek - Victor School District RE-1

Report on Compliance for Each Major Federal Program

We have audited Cripple Creek - Victor School District RE-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cripple Creek - Victor School District RE-1's major federal programs for the year ended June 30, 2021. Cripple Creek - Victor School District RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cripple Creek - Victor School District RE-1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cripple Creek - Victor School District RE-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cripple Creek - Victor School District RE-1's compliance.

Opinion on Each Major Federal Program

In our opinion, Cripple Creek - Victor School District RE-1, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Cripple Creek - Victor School District RE-1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cripple Creek - Victor School District RE-1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cripple Creek - Victor School District RE-1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hoelting & Company, Inc.

Colorado Springs, Colorado
July 22, 2022

**CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 21.019	Coronavirus Relief Fund
CFDA 93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? yes no

**CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II—Financial Statement Findings

2021-001 Segregation of Duties

Criteria: Financial reporting duties involving the recording, reconciliation and review of financial information should be segregated between staff members.

Condition: Certain procedures involving the recording, reconciliation and review of financial information were not completely segregated during the year.

Context: This finding was noted during procedures to understand and test control procedures.

Effect: Risk of misstatement due to error or fraud.

Cause: Limitations of staff availability.

Recommendation: We recommend management continue their efforts to ensure that an appropriate individual, other than the individual responsible for preparing reconciliations, review and sign off on bank reconciliations, verifying that outstanding items are regularly cleared and that the reconciled balance agrees to the general ledger.

Management response: Management will segregate duties where possible and will consider implementing compensating controls where segregation is not possible.

2021-002 Basis of Accounting—Grants

Criteria: Financial statements of the governmental activities should be prepared on the modified-accrual basis of accounting.

Condition: While the year-end audited financial statements of the governmental activities are prepared on the modified-accrual basis, the grant activities are maintained on the cash basis of accounting during the year.

Context: This condition was noted through audit procedures performed to test grant activity balances at year-end.

Effect: Grant receivables, unearned revenues, and revenues were misstated at year-end.

Cause: Lack of procedures requiring the grant activities to be maintained on the modified accrual basis of accounting.

Recommendation: We recommend that management implement procedures to ensure that grant activities are maintained on the modified-accrual basis of accounting throughout the year. If staffing resources do not enable the District to implement the modified-accrual basis throughout the year, we recommend that finance staff prepared year-end workpapers for balances sheet accounts requiring accrual for posting to the general ledger.

Management response: The District is evaluating its current procedures and will implement the above recommendations to the extent that staffing resources allow.

**CRIPPLE CREEK - VICTOR SCHOOL DISTRICT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

2021-003 Maintaining General Ledger Integrity

Criteria: When implementing new general ledger software, data integrity of the old software must be maintained until the new software implementation is complete.

Condition: The District began implementing new general ledger software before the current year audit was complete. The old software subscription was canceled before the new software was fully implemented and complete data backups were not maintained.

Context: This condition was noted through audit procedures performed to substantiate current year expense balances.

Effect: Significant manual research was required to substantiate general ledger balances which significantly delayed audit completion.

Cause: Lack of procedures requiring that significant software changes that impact financial data integrity are fully reconciled prior to discontinuing critical backups.

Recommendation: We recommend that management implement procedures to ensure that significant software changes that impact financial data integrity are fully reconciled prior to discontinuing critical backups.

Management response: The District agrees with this finding and will implement these procedures.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Cripple Creek - Victor School District RE-1 Schedule of Findings and Questioned Costs for the year ended June 30, 2020. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2021 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2020-001	N/A	N/A	Segregation of Duties	Not corrected. Reported as finding 2021-001. See page 65.
2020-002	N/A	N/A	Basis of Accounting	Not corrected. Reported as finding 2021-002. See page 65.



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

2021-001 Segregation of Duties

Criteria: Financial reporting duties involving the recording, reconciliation and review of financial information should be segregated between staff members.

Condition: Certain procedures involving the recording, reconciliation and review of financial information were not completely segregated during the year.

Management Response and Planned Corrective Actions: Management agrees with the finding but currently has insufficient personnel/budget resources to implement this control.

Responsibility for Corrective Action: Tammy Bruntz, Business Manager

Anticipated Completion Date: NA.

2021-002 Basis of Accounting—Grants

Criteria: Financial statements of the governmental activities should be prepared on the modified-accrual basis of accounting.

Condition: While the year-end audited financial statements of the governmental activities are prepared on the modified-accrual basis, the grant activities are maintained on the cash basis of accounting during the year.

Management Response and Planned Corrective Actions: Management agrees with the finding but currently has insufficient personnel/budget resources to implement this control.

Responsibility for Corrective Action: Tammy Bruntz, Business Manager

Anticipated Completion Date: NA.

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

2021-003 Maintaining General Ledger Integrity

Criteria: When implementing new general ledger software, data integrity of the old software must be maintained until the new software implementation is complete.

Condition: The District began implementing new general ledger software before the current year audit was complete. The old software subscription was canceled before the new software was fully implemented and complete data backups were not maintained.

Management Response and Planned Corrective Actions: Management agrees with the finding and will implement this control.

Responsibility for Corrective Action: Tammy Bruntz, Business Manager

Anticipated Completion Date: Fall 2022.

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON
COLORADO SCHOOL DISTRICT/BOCES
AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Cripple Creek - Victor School District RE-1

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cripple Creek - Victor School District RE-1, as of and for the year ended June 30, 2021, which collectively comprise Cripple Creek - Victor School District RE-1's basic financial statements, and our report thereon dated July 22, 2022, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cripple Creek - Victor School District RE-1's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company, Inc.

Colorado Springs, Colorado
July 22, 2022



Colorado Department of Education
Auditors Integrity Report
 District: 3010 - Cripple Creek-Victor RE-1
 Fiscal Year 2020-21
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	3,379,410		6,106,735	5,287,490		4,198,655
18 Risk Mgmt-Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	112,588		141,088	138,351		115,325
Sub-Total	3,491,998		6,247,823	5,425,841		4,313,980
11 Charter School Fund	0		0	0		0
20-26-29 Special Revenue Fund	0		1,450,948	1,450,949		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	5,307		308,417	311,156		2,568
22 Govt Designated-Purpose Grants Fund	0		212,016	212,016		0
23 Pupil Activity Special Revenue Fund	124,110		87,235	66,552		144,793
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	1,672,720		1,053,330	983,705		1,742,345
39 Certificate of Participation (COP) Debt Service 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	741,928		348,062	162,950		927,039
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	6,036,063		9,707,831	8,613,169		7,130,724
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60,65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	5,295		4	0		5,299
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	5,295		4	0		5,299

FINAL