

**CARBON VALLEY SCHOOL**  
**BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

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## **FINANCIAL SECTION**

Board of Directors  
Carbon Valley Academy  
Frederick, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Carbon Valley Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the Academy's proportionate share, and the schedules of the Academy's contributions on pages 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The supplementary information on pages 55-56 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*PB Solutions LLC*

October 29, 2021

## **Carbon Valley Academy Management's Discussion and Analysis**

As management of Carbon Valley Academy, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

### **Financial Highlights**

At the close of its 17<sup>th</sup> year of operation, the liabilities of the School exceeded its assets by \$3,436,342 (net position). The deficit net position is largely due to the School reporting its net pension and OPEB liabilities as required by GASB 68/75.

At the close of the fiscal year Carbon Valley Academy governmental funds reported a combined ending fund balance of \$892,294, a decrease of \$225,088.

### **Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide financial statement of activities distinguishes functions/programs of the School supported primarily by per pupil revenue (PPR) and other grant revenues passed through from the District (St.Vrain Valley School District) received from the County and State. The governmental activities of the School include instruction and supporting expenses.

The government-wide financial statements can be found on pages 1-2 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School are governmental funds.

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

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

School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the building corporation. The School does not report any non-major funds.

School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 7-49.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of School, liabilities exceeded assets by \$3,426,342 for all government funds as the close of the most recent fiscal year.

**School's Net Position as of June 30, 2021 and 2020**

	<u>Governmental Activities</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>
Cash and Investments	\$ 480,611	\$ 837,786
Restricted Cash and Investments	582,943	372,686
Other Assets	15,936	21,488
Capital Assets, Net	<u>3,861,067</u>	<u>3,957,325</u>
Total Assets	<u>4,940,557</u>	<u>5,189,285</u>
Deferred Outflow of Resources	<u>585,024</u>	<u>372,717</u>
Current Liabilities	187,096	114,578
Accrued Interest	-	12,218
Noncurrent Liabilities	<u>7,292,529</u>	<u>7,392,960</u>
Total Liabilities	<u>7,479,625</u>	<u>7,519,756</u>
Deferred Inflow of Resources	<u>1,472,198</u>	<u>2,462,481</u>
Net Position		
Net Investment in Capital Assets	373,864	(989,427)
Restricted	62,000	56,482
Unrestricted	<u>(3,862,206)</u>	<u>(3,487,290)</u>
Total Net Position	<u>\$ (3,426,342)</u>	<u>\$ (4,420,235)</u>

**School's Change in Net Position For the Years Ended June 30, 2021 and June 30, 2020**

	<u>Governmental Activities</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>
Program Revenue:		
Charges for Services	\$ 50,189	\$ 240,400
Operating Grants and Contributions	187,855	66,814
Capital Grants and Contributions	57,790	68,060
Total Program Revenue	<u>295,834</u>	<u>375,274</u>
General Revenue:		
Per Pupil Operating Revenue	1,518,138	1,650,192
Mill Levy Override	328,700	342,793
Investment Earnings	549	12
Other		87,839
Total General Revenue	<u>1,847,387</u>	<u>2,080,836</u>
Total Revenue	<u>2,143,221</u>	<u>2,456,110</u>
Expenses:		
Instruction	324,274	879,854
Supporting Services	691,073	913,113
Interest and Fiscal Charges	133,981	102,674
Total Expenses	<u>1,149,328</u>	<u>1,895,641</u>
Increase (Decrease) in Net Position	993,893	560,469
Beginning Net Position	<u>(4,420,235)</u>	<u>(4,980,704)</u>
Ending Net Position	<u>\$ (3,426,342)</u>	<u>\$ (4,420,235)</u>

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, June 30, 2021, the School's governmental funds reported a combined ending fund balance of \$892,294, a decrease of \$225,088. The decrease can be attributed to negative budgeting to provide program enhancements.

### **General Fund Budgetary Highlights**

The School approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. Enrollment for FY 20/21 continues to be stable and is currently estimated to exceed a 215 funded pupil count (218 students) for FY 22.

### **Capital Asset and Debt Administration**

**Capital Assets.** School's capital assets decreased \$96,258 during the year due to depreciation. Total depreciation for FY 2020/2021 was \$121,673. Capital asset additions were \$25,415 resulting in net capital assets of \$3,861,067.

### **Long-Term Lease Agreement**

School entered into a lease agreement with the School Building Corporation in 2009 for use of the new facility. The bonds under which the lease was based were issued in 2017. Under the terms of the agreement, Carbon Valley Academy will make monthly lease payments in the amount of \$19,770. A balloon payment of the outstanding balance is due in December 2024.

### **Economic Factors and Next Year's Budget**

Primary factors for next year's budget are student enrollment and PPR. Enrollment for FY 21 was 193. This information was analyzed for the FY 22 budget and FY 22 budget was based on enrollment of 200 and PPR of \$8,500. PPR revenue is anticipated to increase for FY 22 after FY21 reduction due to COVID. Other factors impacting the budget are ESSER I, II and III grant funding.

### **Requests for Information**

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

Carbon Valley Academy  
Attn: Michele Saller  
4040 Coriolis Way  
Frederick, CO 80504

## **BASIC FINANCIAL STATEMENTS**

CARBON VALLEY ACADEMY

STATEMENT OF NET POSITION  
As of June 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 480,611
Restricted Cash and Investments	582,943
Accounts Receivable	15,836
Capital Assets, Not Depreciated	1,158,251
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>2,702,816</u>
<b>TOTAL ASSETS</b>	<u>4,940,457</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pensions	578,319
Related to OPEB	<u>6,705</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>585,024</u>
<b>LIABILITIES</b>	
Accounts Payable	50,621
Due to District	6,704
Accrued Salaries and Benefits	129,771
Noncurrent Liabilities	
Due in One Year	94,325
Due in More than One Year	3,975,821
Net Pension Liability	3,109,322
Net OPEB Liability	<u>113,061</u>
<b>TOTAL LIABILITIES</b>	<u>7,479,625</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	1,412,501
Related to OPEB	<u>59,697</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,472,198</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	373,864
Restricted for Emergencies	62,000
Unrestricted	<u>(3,862,206)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (3,426,342)</u>

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

CARBON VALLEY ACADEMY

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				GOVERNMENTAL ACTIVITIES	
<b>Governmental Activities</b>					
Instructional	\$ 324,274	\$ -	\$ 22,058	\$ -	\$ (302,216)
Supporting Services	691,073	50,189	165,797	57,790	(417,297)
Interest and Other Fiscal Charges	133,981	-	-	-	(133,981)
Total Governmental Activities	<u>\$ 1,149,328</u>	<u>\$ 50,189</u>	<u>\$ 187,855</u>	<u>\$ 57,790</u>	(853,494)
		GENERAL REVENUES			
			Per Pupil Revenue		1,518,138
			Mill Levy Override		328,700
			Interest		549
			TOTAL GENERAL REVENUES		<u>1,847,387</u>
			CHANGE IN NET POSITION		993,893
			NET POSITION, Beginning		<u>(4,420,235)</u>
			NET POSITION, Ending		<u>\$ (3,426,342)</u>

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

CARBON VALLEY ACADEMY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Investments	\$ 480,611	\$ -	\$ 480,611
Restricted Cash and Investments	209,707	373,236	582,943
Accounts Receivable	15,836	-	15,836
TOTAL ASSETS	<u>\$ 706,154</u>	<u>\$ 373,236</u>	<u>\$ 1,079,390</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 50,621	\$ -	\$ 50,621
Due To District	6,704	-	6,704
Accrued Salaries	129,771	-	129,771
TOTAL LIABILITIES	<u>187,096</u>	<u>-</u>	<u>187,096</u>
<b>FUND BALANCES</b>			
Restricted for Emergencies	62,000	-	62,000
Restricted for Debt Service	-	373,236	373,236
Unassigned	457,058	-	457,058
TOTAL FUND BALANCES	<u>519,058</u>	<u>373,236</u>	<u>892,294</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 706,154</u>	<u>\$ 373,236</u>	<u>\$ 1,079,390</u>

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

CARBON VALLEY ACADEMY

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2021

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

Total fund balances of governmental funds		\$	892,294
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
Capital Assets, not depreciated	1,158,251		
Capital Assets, depreciated	4,293,948		
Accumulated Depreciation	<u>(1,591,132)</u>		3,861,067
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds Payable	(4,070,146)		
Net Pension Liability	(3,109,322)		
Net OPEB Liability	<u>(113,061)</u>		(7,292,529)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources - Change in Proportionate Share	-		
Deferred outflows of resources - Subsequent Contributions	108,370		
Deferred outflows of resources - Expected vs Actual Experience	170,842		
Deferred outflows of resources - Projected vs Actual Investments Earnings	-		
Deferred outflows of resources - Change in Assumptions	299,107		
Deferred inflows of resources - Projected vs Actual Investments Earnings	(684,432)		
Deferred inflows of resources - Change in Assumptions	(522,651)		
Deferred inflows of resources - Change in Proportionate Share	<u>(205,418)</u>		(834,182)
Deferred outflows of resources - Change in Proportionate Share OPEB	-		
Deferred outflows of resources - Subsequent Contributions OPEB	5,560		
Deferred outflows of resources - Expected vs Actual Experience OPEB	300		
Deferred outflows of resources - Change in Assumptions OPEB	845		
Deferred outflows of resources - Projected vs actual investment earnings OPEB	-		
Deferred inflows of resources - Projected vs actual investment earnings OPEB	(4,620)		
Deferred inflows of resources - Expected vs Actual Experience OPEB	(24,856)		
Deferred inflows of resources - Change in Assumptions OPEB	(6,933)		
Deferred inflows of resources - Change in Proportionate Share OPEB	<u>(23,288)</u>		<u>(52,992)</u>
Net position of governmental activities		\$	<u><u>(3,426,342)</u></u>

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

CARBON VALLEY ACADEMY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	<u>GENERAL FUND</u>	<u>BUILDING CORPORATION</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 1,991,191	\$ 237,790	\$ 2,228,981
State Sources	79,848	-	79,848
Federal Sources	71,633	-	71,633
	<u>2,142,672</u>	<u>237,790</u>	<u>2,380,462</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	1,202,053	-	1,202,053
Supporting Services	1,166,257	-	1,166,257
Debt Service			
Principal	-	91,041	91,041
Interest	-	146,199	146,199
	<u>2,368,310</u>	<u>237,240</u>	<u>2,605,550</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(225,638)	550	(225,088)
FUND BALANCES, Beginning	<u>744,696</u>	<u>372,686</u>	<u>1,117,382</u>
FUND BALANCES, Ending	<u>\$ 519,058</u>	<u>\$ 373,236</u>	<u>\$ 892,294</u>

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

CARBON VALLEY ACADEMY

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

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

Net change in fund balances - total governmental funds		\$ (225,088)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay	25,415	
Depreciation	<u>(121,673)</u>	(96,258)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.		
Bond Principal Payments	91,041	
Changes in Accrued Interest Payable	<u>12,218</u>	103,259
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.		
Deferred charges related to Pension Plan	1,198,236	
Deferred charges related to OPEB	<u>13,744</u>	<u>1,211,980</u>
Change in net position of governmental activities		<u>\$ 993,893</u>

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

Carbon Valley Academy (the “Academy” or the “School”) was formed in March of 2005 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School provides students from preschool through 8<sup>th</sup> grade with a Core Knowledge based curriculum. The School is governed by a five-member Board of Directors.

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the School includes the following organizations within its reporting entity:

Carbon Valley Building Corporation

The Carbon Valley Building Corporation (the “Building Corporation”) was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the School’s facilities. The Building Corporation is blended into the School’s financial statements as a special revenue fund. Separate financial statements are not available for the Building Corporation.

The School is a component unit of the St. Vrain Valley School District (the “District”).

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

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, are recorded only when payment is due.

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

In the fund financial statements, the School reports the following major governmental funds:

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

The *Building Corporation Fund* accounts for the activities of the Carbon Valley Building Corporation.

**Assets, Liabilities, and Fund Balance/Net Position**

Deposits and Investments – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	40 years
Leasehold Improvements	7 years
Equipment	3-7 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2021, were \$179,771. The accrued compensation is reported as a liability in the General Fund.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

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

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

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 current expenditures.

Compensated Absences – The School’s policy allows employees to earn personal leave of absence during the year. Upon termination, no unused personal leave of absence days is paid to the employee. Therefore, no liability is recorded in the School’s government-wide statement of net position.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

Net Position— The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School did not report any nonspendable fund balances at June 30, 2021.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

- 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. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The School also reports the fund balance of the Building Corporation as restricted for Debt Service.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed 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. The School did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The School did not have any assigned resources as of June 30, 2021.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Risk Management**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The School carries commercial insurance for all risks of loss for property and liability and workman's compensation. . The School is fully self-insured for unemployment compensation.

**Income Taxes**

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2021.

**Subsequent Events**

The School has evaluated events subsequent to the year ended June 30, 2021 through October 29, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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

**Budgets**

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

**State Compliance**

At June 30, 2021 actual expenditures in the General Fund exceeded budgeted amounts by \$ 259,155. This may be a violation of state statute.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3: CASH AND INVESTMENTS**

Cash and Investments at June 30, 2021 consist of the following:

Petty Cash	\$ 100
Deposits	690,218
Investments	<u>373,236</u>
Total	<u>\$ 1,063,554</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$ 480,611
Cash and Investments - Restricted	<u>582,943</u>
	<u>\$ 1,063,554</u>

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At June 30, 2021 State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. 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.

Credit Risk

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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Deposits** (Continued)

At June 30, 2021, the School had deposits with financial institutions with a carrying amount of \$690,218. The bank balances with the financial institutions were \$710,847. Of these balances, \$250,000 was covered by federal depository insurance and \$460,847 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Custodial Risk

The School has no policy regarding custodial credit risk for deposits.

**Investments**

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

As of June 30, 2021, the School reports the following investments:

	Fair Value	Investment Maturity (Years)	
		Less Than One Year	One To Five Years
Money Market Mutual Fund	<u>\$ 373,236</u>	<u>\$ 373,236</u>	<u>\$ -</u>

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The School follows State of Colorado’s statute which limits investments in money market funds to those with the highest rating issued by NRSRO’s and with a constant share price, or to money market funds that invest only in specific securities.

The School invested \$373,236 in a Money Market Mutual Fund. The fund has maturity dates of less than one year and is rated AAAM by Standard and Poor’s. These investments are valued using Level 1 inputs.

**Restricted Cash**

At June 30, 2021, cash and investments in the amount of \$209,707 and \$373,236 is restricted in the General Fund and Building Corporation, respectively, for debt service requirements.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4: CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2021 is summarized below:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 1,062,443	\$ -	\$ -	\$ 1,062,443
Water Rights	95,808	-	-	95,808
Total Capital Assets, Not Depreciated	<u>1,158,251</u>	<u>-</u>	<u>-</u>	<u>1,158,251</u>
Capital Asset, Being Depreciated				
Buildings	\$ 3,094,219	\$ -	\$ -	\$ 3,094,219
Building Improvements	631,490	25,415	-	656,905
Land Improvements	280,487	-	-	280,487
Furniture and Equipment	262,337	-	-	262,337
Total Capital Assets, Being Depreciated	<u>4,268,533</u>	<u>25,415</u>	<u>-</u>	<u>4,293,948</u>
Accumulated Depreciation				
Buildings	850,156	60,809	-	910,965
Building Improvements	270,408	33,205	-	303,613
Land Improvements	241,420	18,699	-	260,119
Furniture and Equipment	107,475	8,960	-	116,435
Total Depreciation	<u>1,469,459</u>	<u>121,673</u>	<u>-</u>	<u>1,591,132</u>
Total Capital Assets, Being Depreciated, Net	<u>2,799,074</u>	<u>(96,258)</u>	<u>-</u>	<u>2,702,816</u>
Net Capital Assets	<u>\$ 3,957,325</u>	<u>\$ (96,258)</u>	<u>\$ -</u>	<u>\$ 3,861,067</u>

Depreciation has been charged to the Supporting Services program of the School.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2021:

	Balance 6/30/2020	Additions	Payments	Balance 6/30/2021	Due In One Year
Series 2017 Refunding Revenue Bonds	\$ 4,161,187	\$ -	\$ 91,041	\$ 4,070,146	\$ 94,325
Net Pension Liability	3,080,326	28,996	-	3,109,322	-
Net OPEB Liability	151,447	-	38,386	113,061	-
<b>Total</b>	<b>\$ 7,392,960</b>	<b>\$ 28,996</b>	<b>\$ 129,427</b>	<b>\$ 7,292,529</b>	<b>\$ 94,325</b>

**2017 Charter School Refunding Revenue Bonds**

In December 2017, the Colorado Educational and Facilities Authority (CECFA) issued \$4,375,000 in Charter School Revenue Bonds, Series 2017. Proceeds from the bonds were used to refund the School's 2006 Revenue Bonds.

Interest accrues at a rate of 3.50% per year. The bonds mature in December 2024.

The School is obligated to make monthly lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee for payment of the bonds.

The bonds have been secured by a pledge of certain rights to real estate property located in Frederick Colorado ("pledged property") and a pledge of the School's funds and revenues.

In the event of default, the bond trustee may take remedial steps including giving writing notice to declare the principal amount of all the bonds outstanding and the interest accrued thereon to become immediately due and payable.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 5: LONG-TERM DEBT** (Continued)

Covenants

Under the terms of the bond agreements, the School is required to maintain days cash on hand of not less than 60 days. In addition, the School is required to maintain sufficient cash flow of at least 1.05 times the annual debt service requirement.

At June 30, 2021, the School reports sufficient cash on hand to comply with these bond covenants.

At June 30, 2021, the School has not met its cash flow requirement of 1.05 times the annual debt service requirement. The School has established an additional debt service reserve of \$209,707 which is reported as restricted cash and investments in the General Fund.

Future debt service requirements on the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 94,325	\$ 142,916	\$ 237,241
2023	97,727	139,514	237,241
2024	100,878	136,363	237,241
2025	<u>3,777,216</u>	<u>66,822</u>	<u>3,844,038</u>
Total	<u>\$ 4,070,146</u>	<u>\$ 485,615</u>	<u>\$ 4,555,761</u>

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

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

**General Information about the Pension Plan**

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: *DEFINED BENEFIT PENSION PLAN*** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

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

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

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

As of December 31, 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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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.

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

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

*Contributions provisions as of June 30, 2021:* Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 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:

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$214,909 for the year ended June 30, 2021.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

At June 30, 2021, the School reported a liability of \$3,109,322 for its proportionate share of the net pension liability. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School’s proportionate share of the net pension liability	\$3,109,322
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	\$-
Total	\$3,109,322

At December 31, 2020, the School’s proportion was 0.02056 percent, which a decrease of 0.00005 percent from its proportion measured as of December 31, 2019.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For the year ended June 30, 2021, the School recognized pension revenue of \$1,198,236 and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, the School 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	\$170,842	N/A
Changes of assumptions or other inputs	\$299,107	\$522,651
Net difference between projected and actual earnings on pension plan investments	N/A	\$684,432
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$205,418
Contributions subsequent to the measurement date	\$108,370	N/A
Total	\$578,319	\$1,412,501

\$108,370 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, 2021. 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	(\$723,210)
2023	\$36,335
2024	(\$147,704)
2025	(\$107,973)

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: *DEFINED BENEFIT PENSION PLAN*** (Continued)

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

*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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: *DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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.

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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the School’s 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	\$4,241,370	\$3,109,322	\$2,165,953

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

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

*OPEB.* The School participates The School 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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan**

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$11,027 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$113,061 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the proportion was 0.01189 percent, which was a decrease of 0.00157 percent from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School recognized OPEB expense of \$13,744. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$300	\$24,856
Changes of assumptions or other inputs	\$845	\$6,933
Net difference between projected and actual earnings on OPEB plan investments	N/A	\$4,620
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$23,288
Contributions subsequent to the measurement date	\$5,560	N/A
<b>Total</b>	<b>\$6,705</b>	<b>\$59,697</b>

\$5,560 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:

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Year ended June 30:	
2022	(\$13,661)
2023	(\$13,015)
2024	(\$13,439)
2025	(\$11,588)
2026	(\$6,419)
Thereafter	(\$430)

*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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

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

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

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

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare	7.10%	8.10%	9.10%
Ultimate PERACare	3.50%	4.50%	5.50%
Initial Medicare Part	2.50%	3.50%	4.50%
Ultimate Medicare	3.50%	4.50%	5.50%
Net OPEB Liability	\$110,139	\$113,061	\$116,463

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

*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.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7: DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 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	\$129,513	\$113,061	\$99,004

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

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

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

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

CARBON VALLEY ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

**NOTE 8: COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment** (Continued)

The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2021, the emergency reserve of \$62,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**NOTE 9: DEFICIT NET POSITION**

The net position of the governmental activities is in a deficit position in the amount of \$3,426,342 due to the School including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

**NOTE 10: SUBSEQUENT EVENT**

**COVID19 Pandemic**

As a result of the coronavirus pandemic, economic uncertainties may continue to have a significant impact on the financial position, results of operations, and cashflows of the School. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

**Vehicle Lease Purchase Agreement**

On August 1, 2021 the School entered into a lease purchase agreement for two school buses. The lease requires monthly payments lease payment in the amount of \$2,788 beginning on August 1, 2021 through July 1, 2028.

**REQUIRED SUPPLEMENTARY INFORMATION**

CARBON VALLEY ACADEMY  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 1,625,232	\$ 1,513,892	\$ 1,518,138	\$ 4,246
Mill Levy Override	344,514	339,294	328,700	(10,594)
Tuition and Fees	83,998	82,898	50,189	(32,709)
Contributions	27,500	27,500	94,164	66,664
State Sources				
Capital Construction	56,500	56,500	57,790	1,290
Grants and Donations	25,536	25,177	22,058	(3,119)
Federal Sources				
Grants and Donations	-	-	71,633	71,633
<b>TOTAL REVENUES</b>	<u>2,163,280</u>	<u>2,045,261</u>	<u>2,142,672</u>	<u>97,411</u>
<b>EXPENDITURES</b>				
Current				
Salaries	1,201,786	1,077,099	1,073,652	3,447
Employee Benefits	417,289	396,021	403,149	(7,128)
Purchased Services	481,877	480,435	731,059	(250,624)
Supplies and Materials	81,600	71,600	141,514	(69,914)
Property	84,000	84,000	-	84,000
Other	209,000	-	18,936	(18,936)
<b>TOTAL EXPENDITURES</b>	<u>2,475,552</u>	<u>2,109,155</u>	<u>2,368,310</u>	<u>(259,155)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(312,272)	(63,894)	(225,638)	(161,744)
<b>FUND BALANCE, Beginning</b>	<u>505,472</u>	<u>744,696</u>	<u>744,696</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 193,200</u>	<u>\$ 680,802</u>	<u>\$ 519,058</u>	<u>\$ (161,744)</u>

See the accompanying independent auditor's report.

CARBON VALLEY ACADEMY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA SCHOOL DIVISION TRUST FUND PENSION PLAN

Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.02056%	0.02062%	0.02092%	0.02495%	0.02533%	0.02641%	0.02796%	0.02408%
Proportionate Share of the Net Pension Net Pension Liability (Asset)	\$ 3,109,322	\$ 3,080,326	\$ 3,703,879	\$ 8,069,029	\$ 7,541,937	\$ 4,038,955	\$ 3,790,127	\$ 3,071,977
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	-	390,700	506,453	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	3,109,322	3,471,026	4,210,332	8,069,029	7,541,937	4,038,955	3,790,127	3,071,977
Covered payroll	\$ 1,100,317	\$ 1,180,655	\$ 1,157,106	\$ 1,151,069	\$ 1,136,888	\$ 1,152,865	\$ 1,172,333	\$ 959,993
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.6%	294.0%	363.9%	701.0%	663.4%	350.3%	323.3%	320.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

NOTE: Information for the prior two years was not available for this report

See the accompanying independent auditor's report.

CARBON VALLEY ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA SCHOOL DIVISION TRUST FUND PENSION PLAN

Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 214,909	\$ 228,809	\$ 221,414	\$ 221,284	\$ 220,438	\$ 215,954	\$ 210,779	\$ 179,844
Contributions in Relation to the Contractually Required Contributions	214,909	228,809	221,414	221,284	220,438	215,954	210,779	179,844
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,081,037	\$1,180,655	\$1,157,417	\$1,171,816	\$1,136,119	\$1,151,793	\$1,178,192	\$ 1,055,661
Contributions as a Percentage of Covered Payroll	19.88%	19.38%	19.13%	18.88%	19.40%	18.75%	17.89%	17.04%

NOTE: Information for the prior two years was not available for this report.

See the accompanying independent auditor's report.

CARBON VALLEY ACADEMY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.01189%	0.01347%	0.01359%	0.01417%	0.01440%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 113,061	\$ 151,447	\$ 184,986	\$ 184,264	\$ 186,674
Covered payroll	\$ 1,100,317	\$ 1,180,655	\$ 1,157,106	\$ 1,151,069	\$ 1,136,888
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.3%	12.8%	16.0%	16.0%	16.4%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

CARBON VALLEY ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 11,027	\$ 12,004	\$ 11,806	\$ 11,953	\$ 11,596
Contributions in Relation to the Contractually Required Contributions	<u>11,027</u>	<u>12,004</u>	<u>11,806</u>	<u>11,953</u>	<u>11,596</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,081,037	\$ 1,180,655	\$ 1,157,417	\$ 1,171,816	\$ 1,136,119
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior five years was not available for this report.

See the accompanying independent auditor's report.

**SUPPLEMENTARY INFORMATION**

CARBON VALLEY ACADEMY

COMBINING BALANCE SHEET  
 GENERAL FUND  
 Year Ended June 30, 2021

	GENERAL FUND	PRESCHOOL FUND	STUDENT ACTIVITIES FUND	TOTAL
<b>ASSETS</b>				
Cash and Investments	\$ 480,511	\$ 100	\$ -	\$ 480,611
Restricted Cash and Investments	209,707	-	-	209,707
Due From Other Funds	327,835	-	-	327,835
Accounts Receivable	15,836	-	-	15,836
<b>TOTAL ASSETS</b>	<b>\$ 1,033,889</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 1,033,989</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 50,621	\$ -	\$ -	\$ 50,621
Due To Other Funds	-	326,598	1,237	327,835
Due To District	6,704	-	-	6,704
Accrued Salaries	133,036	(3,265)	-	129,771
<b>TOTAL LIABILITIES</b>	<b>190,361</b>	<b>323,333</b>	<b>1,237</b>	<b>514,931</b>
<b>FUND BALANCES</b>				
Restricted for Emergencies	62,000	-	-	62,000
Unassigned	781,528	(323,233)	(1,237)	457,058
<b>TOTAL FUND BALANCES</b>	<b>843,528</b>	<b>(323,233)</b>	<b>(1,237)</b>	<b>519,058</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,033,889</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 1,033,989</b>

See the accompanying independent auditor's report.

CARBON VALLEY ACADEMY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GENERAL FUND  
Year Ended June 30, 2021

	GENERAL FUND	PRESCHOOL FUND	STUDENT ACTIVITIES FUND	TOTAL
REVENUES				
Local Sources	\$ 1,981,105	\$ -	\$ 10,086	\$ 1,991,191
State Sources	79,848	-	-	79,848
Federal Sources	71,633	-	-	71,633
TOTAL REVENUES	<u>2,132,586</u>	<u>-</u>	<u>10,086</u>	<u>2,142,672</u>
EXPENDITURES				
Current				
Instruction	1,193,863	4,844	3,346	1,202,053
Supporting Services	1,164,061	2,196	-	1,166,257
TOTAL EXPENDITURES	<u>2,357,924</u>	<u>7,040</u>	<u>3,346</u>	<u>2,368,310</u>
NET CHANGE IN FUND BALANCE	(225,338)	(7,040)	6,740	(225,638)
FUND BALANCE, Beginning	<u>1,068,866</u>	<u>(316,193)</u>	<u>(7,977)</u>	<u>744,696</u>
FUND BALANCE, Ending	<u>\$ 843,528</u>	<u>\$ (323,233)</u>	<u>\$ (1,237)</u>	<u>\$ 519,058</u>

See the accompanying independent auditor's report.