

**COLORADO SPRINGS CHARTER
ACADEMY**

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2021

COLORADO SPRINGS CHARTER ACADEMY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado Springs Charter Academy

We have audited the accompanying financial statements of the governmental activities and each major fund of the Colorado Springs Charter Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Colorado Springs Charter 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.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, Colorado Springs Charter Academy restated its financial statements to report the Colorado Springs Charter Academy Facility, Inc. as a blended component unit. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
October 13, 2021

Management's Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021

As management of Colorado Springs Charter Academy, we offer readers of Colorado Springs Charter Academy's financial statements this narrative overview and analysis of the financial activities of the Colorado Springs Charter Academy for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

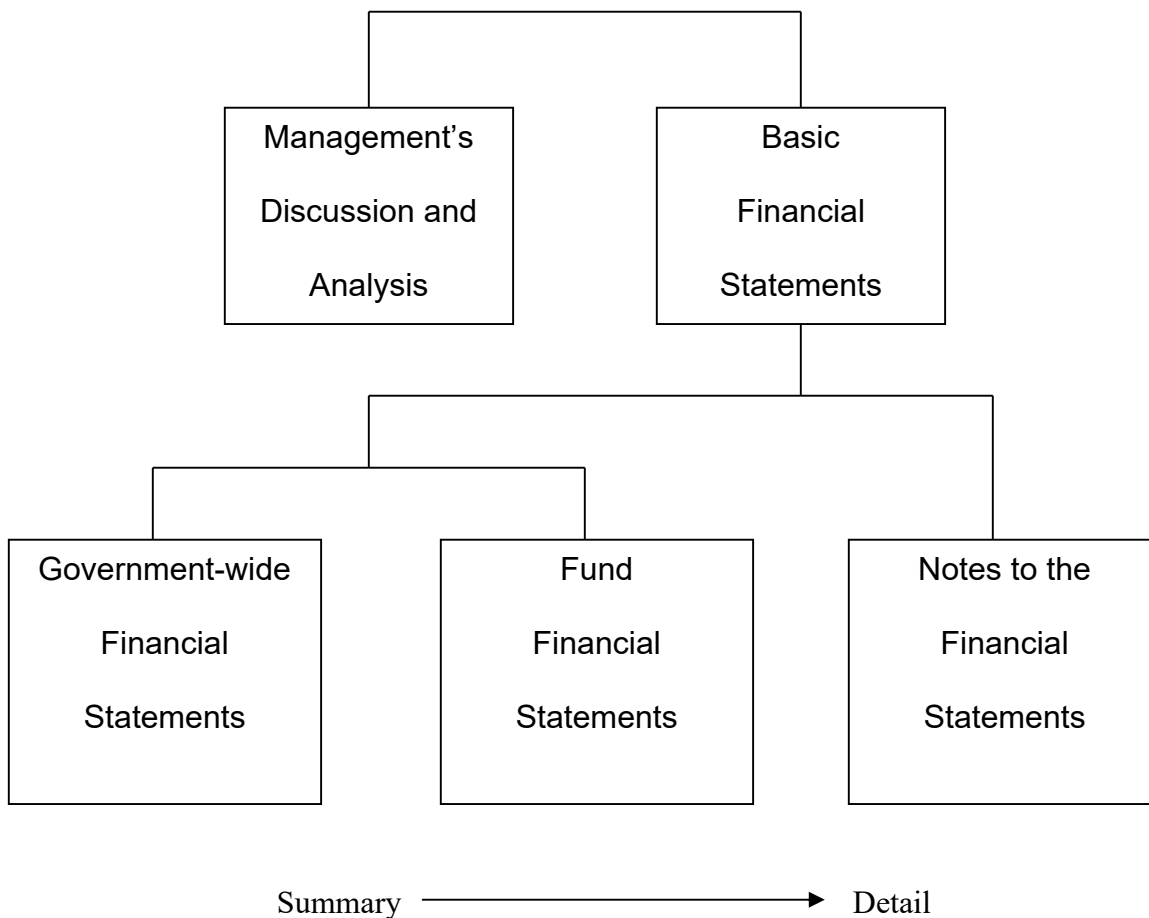
- The liabilities of Colorado Springs Charter Academy exceeded its assets at the close of the fiscal year by \$5,525,761. The main reason is the reporting of pension related liabilities. Otherwise, the school would show positive net assets of \$806,904.
- The school's total net assets increased by \$1,389,564.
- As of the close of the current fiscal year, Colorado Springs Charter Academy's governmental funds reported combined ending fund balances of \$2,753,539 a decrease of \$273,614 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Colorado Springs Charter Academy's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Colorado Springs Charter Academy.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Pages 3 and 4) are **Fund Financial Statements**.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the budgetary information for the school.

**Management Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021**

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets are the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide financial statements are on pages 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities on a fund accounting basis. 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. Colorado Springs Charter Academy uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Colorado Springs Charter Academy adopts an annual budget on a fund basis. The budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided demonstrates how well the School has complied with the budget ordinance and

**Management Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021**

whether or not the School has succeeded in providing the services as planned when the budget was adopted.

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.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a school’s financial condition. The liabilities of Colorado Springs Charter Academy exceeded its assets by \$5,525,761 as of June 30, 2021. The School’s net assets increased by \$1,389,564 for the fiscal year ended June 30, 2021.

The Colorado Springs Charter Academy’s Net Assets

	2021	Governmental Activities 2020
ASSETS		
Cash and Investments	1,727,161	2,281,606
Accounts Receivable	171,253	2,237
Restricted Cash and Investments	1,019,947	1,014,236
Due from CSI		38,820
Capital Assets, not being depreciated	34,753	
Capital Assets, net of Accumulated Depreciation	3,996,178	4,249,954
TOTAL ASSETS	6,949,292	7,586,853
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions and OPEB	1,735,291	1,010,336
LIABILITIES		
Accounts Payable	11,004	51,440
Accrued Salaries and Liabilities	131,652	81,429
Unearned Revenue	22,166	

**Management Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021**

Noncurrent Liabilities		
PPP Loan		469,200
Due in One Year	175,000	165,000
Due in More Than One Year	5,802,566	5,975,070
Net Pension and OPEB Liabilities	5,753,789	5,124,729
TOTAL LIABILITIES	<u>11,896,177</u>	<u>11,866.868</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions and OPEB	2,314,167	3,468,769
NET ASSETS		
Invested in Capital Assets	(1,946,635)	(875,880)
Restricted for Emergencies	105,000	113,561
Restricted for Debt Service	1,019,947	1,014,236
Special Education	44,200	
Unrestricted	(4,748,273)	(6,990,365)
TOTAL NET ASSETS	<u>(5,525,761)</u>	<u>(6,738,448)</u>

- The school’s positive change was due to spending below the budget and revenues greater than budget, specifically related to grants.
- The negative fund balance is due to the changes in recording Net Pension Liability according to GASB 68 and is not related to operations at the school.

Colorado Springs Charter Academy Changes in Net Assets

	2021	2020
Program Revenues		
Grants and Donations	1,083,782	550,226
Charges for Services	74,387	54,450
General Revenues		
Per Pupil Revenue	3,011,913	3,418,868
Mill Levy Override	112,991	206,393
Interest	327	7,925
Other	23,875	19,483
Total Revenues	<u>4,307,275</u>	<u>4,257,345</u>

**Management Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021**

Program Expenses		
Instructional	1,248,739	1,822,509
Support	1,329,468	1,510,282
Debt Service	339,504	275,794
Total Expenses	<u>2,917,711</u>	<u>3,608,585</u>
Change in Net Assets	1,389,564	648,760
Beginning Net Assets (as Restated)	<u>(6,915,325)</u>	<u>(7,387,208)</u>
Ending Net Assets	<u>(5,525,761)</u>	<u>(6,738,448)</u>

Governmental activities: Governmental activities increased the School’s net assets by \$1,389,564 for the year.

Financial Analysis of the School’s Funds

As noted earlier, **Colorado Springs Charter Academy** uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Colorado Springs Charter Academy’s general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Colorado Springs Charter Academy’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,584,392 while total fund balance was increased to \$2,753,539. The School is required by statute to keep an emergency reserve, which was \$105,000 as of June 30, 2021.

Capital Asset and Debt Administration

Capital assets. Colorado Springs Charter Academy’s investment in capital assets is \$4,030,931 as of June 30, 2021. It consists primarily of the school’s land and building. More details can be found in note 5 of the footnotes to the financial statements.

Long-term Debt. Colorado Springs Charter Academy’s long-term debt for the facility is \$5,977,566. See Note 6 for more information.

**Management Discussion and Analysis
Colorado Springs Charter Academy
June 30, 2021**

Economic Factors

The following key economic indicators were considered in the School's budget:

- Student Count and retention
- Staffing and special education support
- Competition from expanding area charter schools
- Rental income from the use of our facility
- Grant funds
- State funding (PPR)

CSCA originally budgeted for more students resulting in less PPR for the year. This decrease in students also gave CSCA less in Capital Constructions and Mill Levy funding that was also budgeted higher. We did receive additional grant funds that were unknown and not included at the time of budgeting, including ESSER, GEER and Cares Act. We increased our supporting services expenditures due to the need for additional support due to Covid mitigation and lost learning.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Kristen Lange, Colorado Springs Charter Academy, 2577 North Chelton Road, Colorado Springs, CO 80909, 719-636-2722.

BASIC FINANCIAL STATEMENTS

COLORADO SPRINGS CHARTER ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,727,161
Restricted cash and investments	1,019,947
Receivables	171,253
Capital assets, not being depreciated	34,753
Capital assets, net of accumulated depreciation	3,996,178
Total Assets	\$ 6,949,292
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	1,686,696
Deferred OPEB outflows	48,595
Total Deferred Outflows of Resources	1,735,291
LIABILITIES	
Accounts payable and other accrued liabilities	11,004
Accrued salaries and benefits	131,652
Unearned revenue	22,166
Long-term liabilities:	
Due within one year	175,000
Due in more than one year	5,802,566
Net pension liability	5,551,856
Net OPEB liability	201,933
Total Liabilities	11,896,177
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	2,247,577
Deferred OPEB inflows	66,590
Total Deferred Inflows of Resources	2,314,167
NET POSITION	
Net investment in capital assets	(1,946,635)
Restricted for:	
Emergencies	105,000
Special Education	44,200
Debt Service	1,019,947
Unrestricted	(4,748,273)
Total Net Position (deficit)	\$ (5,525,761)

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

**COLORADO SPRINGS CHARTER ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Capital Grants and Contributions</u>	Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		Revenue and Change in Net Position
Governmental activities:					Governmental Activities
Instruction	\$ 1,248,739	\$ 74,387	\$ 959,192	\$ -	\$ (215,160)
Supporting services	1,329,468	-	-	122,579	(1,206,889)
Interest	339,504	-	-	-	(339,504)
Total governmental activities	<u>\$ 2,917,711</u>	<u>\$ 74,387</u>	<u>\$ 959,192</u>	<u>\$ 122,579</u>	<u>(1,761,553)</u>
General revenues:					
Per pupil revenue					3,011,913
Mill levy override					112,991
Grants and contributions not restricted to specific programs					2,011
Unrestricted investment earnings					327
Miscellaneous					23,875
Total general revenues					<u>3,151,117</u>
Change in net position					<u>1,389,564</u>
Net position - beginning (deficit), as originally stated					(6,782,729)
Prior period adjustment					(132,596)
Net position - beginning (deficit), as restated					<u>(6,915,325)</u>
Net position - ending (deficit)					<u>\$ (5,525,761)</u>

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

**COLORADO SPRINGS CHARTER ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Facility Corporation</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,727,161	\$ -	\$ 1,727,161
Restricted cash and investments	-	1,019,947	1,019,947
Receivables	171,253	-	171,253
	<u>171,253</u>	<u>-</u>	<u>171,253</u>
Total Assets	<u>\$ 1,898,414</u>	<u>\$ 1,019,947</u>	<u>\$ 2,918,361</u>
LIABILITIES			
Accounts payable and other accrued liabilities	\$ 11,004	\$ -	\$ 11,004
Accrued salaries and benefits	131,652	-	131,652
Unearned revenue	22,166	-	22,166
	<u>22,166</u>	<u>-</u>	<u>22,166</u>
Total Liabilities	<u>164,822</u>	<u>-</u>	<u>164,822</u>
FUND BALANCE			
Restricted for:			
Emergencies	105,000	-	105,000
Special Education	44,200	-	44,200
Debt service	-	1,019,947	1,019,947
Unassigned	1,584,392	-	1,584,392
	<u>1,584,392</u>	<u>-</u>	<u>1,584,392</u>
Total Fund Balance	<u>1,733,592</u>	<u>1,019,947</u>	<u>2,753,539</u>
Total Liabilities and Fund Balance	<u>\$ 1,898,414</u>	<u>\$ 1,019,947</u>	<u>\$ 2,918,361</u>

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

**COLORADO SPRINGS CHARTER ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

Total Fund Balance of Governmental Funds	\$	2,753,539
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		4,030,931
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Loan payable	\$	(5,977,566)
Net pension liability		(5,551,856)
Pension outflows		1,686,696
Pension inflows		(2,247,577)
Net OPEB liability		(201,933)
OPEB outflows		48,595
OPEB inflows		(66,590)
		(12,310,231)
Total Net Position of Governmental Activities	\$	(5,525,761)

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

COLORADO SPRINGS CHARTER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Facility Corporation	Total
REVENUES			
Local sources	\$ 220,549	\$ 42	\$ 220,591
State sources	3,219,689	-	3,219,689
Federal sources	394,092	-	394,092
Total revenues	<u>3,834,330</u>	<u>42</u>	<u>3,834,372</u>
EXPENDITURES			
Instruction	2,111,122	-	2,111,122
Supporting services	1,458,307	-	1,458,307
Debt service			
Interest	-	333,306	333,306
Principal	-	165,000	165,000
Facilities acquisition and construction	40,251	-	40,251
Total expenditures	<u>3,609,680</u>	<u>498,306</u>	<u>4,107,986</u>
Excess (deficiency) of revenues over expenditures	224,650	(498,264)	(273,614)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(503,975)</u>	<u>503,975</u>	<u>-</u>
Net change in fund balance	<u>(279,325)</u>	<u>5,711</u>	<u>(273,614)</u>
Fund balance - beginning, as originally stated	3,159,749	-	3,159,749
Prior period adjustment	<u>(1,146,832)</u>	<u>1,014,236</u>	<u>(132,596)</u>
Fund balance, beginning	<u>2,012,917</u>	<u>1,014,236</u>	<u>3,027,153</u>
Fund balance, ending	<u>\$ 1,733,592</u>	<u>\$ 1,019,947</u>	<u>\$ 2,753,539</u>

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

**COLORADO SPRINGS CHARTER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net Change in Fund Balance of Governmental Funds	\$	(273,614)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation expense	\$ (261,026)		
Capital outlays	42,003		(219,023)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

PPP loan forgiveness	\$ 472,902		
Principal payment	165,000		
Interest expense	(3,702)		
Bond discount amortization	(2,496)		631,704

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expenses	\$ 1,243,843		
OPEB expenses	6,654		1,250,497

Change in Net Position of Governmental Activities	\$	<u>1,389,564</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Colorado Springs Charter Academy (the School) was organized in 2004 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School operates under the oversight of the Colorado Charter School Institute (CSI) receives the majority of its funding through CSI.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

A. REPORTING ENTITY

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

Blended component units. The School includes the Colorado Springs Charter Academy Facility, Inc. (the Facility Corp) within its reporting entity. The Facility Corp was primarily organized to finance the acquisition of educational facilities and currently leases facilities only to the School. The Facility Corp is blended into the financial statements of the school as a special revenue fund and does not issue separate financial statements.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

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

The School reports the following major governmental funds:

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

The *Facility Corp* - This fund is used to account for the financial activities of the Facility Corporation, including facilities acquisition and construction and the related debt service.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 180 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

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

Investments

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

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

Restricted cash and investments

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

Receivables

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

Prepaid items

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

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Capital Assets

Capital assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$2,500. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Buildings	30 years
Building Improvements	15 – 20 years
Vehicles and equipment	5 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

Accrued Salaries and Benefits

Salaries and retirement benefits of certain contractually employed personnel are paid over twelve-month period from August to July, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Pensions

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

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

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Health Care Trust Fund

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

Deferred outflows/inflows of resources

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

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

Long-term debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net position flow assumption

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

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance Classification

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

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

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

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

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

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers or applicants 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Compensated Absences

Employees of the School are allowed to accumulate limited amounts of unused paid time off. The School does not reimburse or otherwise compensate employees for any unused paid time off at separation. Therefore, no liability is reported in the financial statements for these compensated absences.

G. ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

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

Budgets are required by Colorado State Statutes for all funds. Prior to the fiscal year end, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30, the budget is adopted by formal resolution.

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

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

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

A budget was not adopted for the Facility Corp.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits	\$ 1,220,743
Investments	<u>1,526,365</u>
Total	<u>\$ 2,747,108</u>

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

Cash and investments	\$ 1,727,161
Restricted cash and investments	<u>1,019,947</u>
Total	<u>\$ 2,747,108</u>

Cash deposits with financial institutions

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

The carrying amount of school’s deposits at June 30, 2021 was \$1,220,743 and the bank balances were \$1,229,852. Of the bank balances, \$250,000 was covered by federal deposit insurance and \$979,852 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

Investments

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

The investments for fiscal year ending June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
ColoTrust	\$ 506,418	Less than 60 days
Money Market	<u>1,019,947</u>	Less than 60 days
	<u>\$ 1,526,365</u>	

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

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

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

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

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

Concentration of Credit Risk: State statutes do not limit the amount the School may invest in a single issuer, except for corporate securities.

Restricted Cash and Investments

At June 30, 2021, the Facility Corp had \$1,019,947 restricted for debt service as required by its loan agreement.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 - RECEIVABLES

Receivables consists of the following at June 30, 2021:

Intergovernmental receivable	\$ 162,016
Other receivables	<u>9,237</u>
Total	<u>\$ 171,253</u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 34,753	\$ -	\$ 34,753
Capital assets, being depreciated:				
Building	6,051,691	-	-	6,051,691
Building improvements	1,044,023	7,250	-	1,051,273
Vehicles and equipment	<u>75,468</u>	<u>-</u>	<u>-</u>	<u>75,468</u>
Total capital assets, being depreciated	<u>7,171,182</u>	<u>7,250</u>	<u>-</u>	<u>7,178,432</u>
Less accumulated depreciation for:				
Building improvements	(2,349,152)	(201,724)	-	(2,550,876)
Leasehold improvements	(508,470)	(53,222)	-	(561,692)
Vehicles and equipment	<u>(63,606)</u>	<u>(6,080)</u>	<u>-</u>	<u>(69,686)</u>
Total accumulated depreciation	<u>(2,921,228)</u>	<u>(261,026)</u>	<u>-</u>	<u>(3,182,254)</u>
Total capital assets being depreciated, net	<u>4,249,954</u>	<u>(253,776)</u>	<u>-</u>	<u>3,996,178</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,249,954</u>	<u>\$ (219,023)</u>	<u>\$ -</u>	<u>\$ 4,030,931</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Supporting services	<u>\$ 261,026</u>
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COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT

2020 Paycheck Protection Loan

On June 04, 2020, the School obtained a loan under the SBA Paycheck Protection Program in the amount of \$469,200 to fund salaries, benefits, and certain operating expenses. Principal and interest are paid monthly, at an interest rate of 1%, with payments deferred for 6 months after initial loan disbursement. Final maturity is June, 04 2022. The School applied for forgiveness of the loan, and on March 24, 2021 the full amount of \$469,200 was forgiven.

2010 Building Loan

In February 2010, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$7,355,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the Facility Corp to refinance the note payable and other capital costs. The School is obligated under a lease agreement to make monthly lease payments to the Facility Corp for the use of educational facilities. The Facility Corp is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest ranging from 5.25% to 5.60% per annum. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually on July 1 through 2040.

Annual debt service requirements to maturity for the loan are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 175,000	\$ 337,638
2023	185,000	328,975
2024	195,000	319,787
2025	205,000	310,075
2026	215,000	299,838
2027-2031	1,260,000	1,326,462
2032-2036	1,645,000	961,570
2037-2041	<u>2,145,000</u>	<u>478,225</u>
Total	<u>\$ 6,025,000</u>	<u>\$ 4,362,570</u>

Following is a summary of the long-term debt transactions for the year ended June 30, 2021.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
PPP Loan	\$ 469,200	\$ -	\$ 469,200	\$ -	\$ -
2010 Building loan	6,190,00	-	165,000	6,025,000	175,000
Discount	<u>(49,930)</u>	<u>-</u>	<u>(2,496)</u>	<u>(47,434)</u>	<u>-</u>
Total	<u>\$ 6,609,270</u>	<u>\$ -</u>	<u>\$ 631,704</u>	<u>\$ 5,977,566</u>	<u>\$ 175,000</u>

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Colorado Springs Charter Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Colorado Springs Charter Academy were \$392,798 for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the Colorado Springs Charter Academy reported a liability of \$5,551,856 for its proportionate share of the net pension liability. The amount recognized by the Colorado Springs Charter Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Colorado Springs Charter Academy were as follows:

Colorado Springs Charter Academy proportionate share of the net pension liability	\$ 5,551,856
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the Colorado Springs Charter Academy	-
Total	\$ 5,551,856

At December 31, 2020, the Colorado Springs Charter Academy proportion was 0.0367235216 percent, which was an increase of 0.0040283407 from its proportion measured as of December 31, 2019.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the Colorado Springs Charter Academy recognized pension expense of (\$1,243,843). At June 30, 2021, the Colorado Springs Charter Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 304,047	\$ -
Changes of assumptions or other inputs	534,071	933,220
Net difference between projected and actual earnings on pension plan investments	-	1,222,090
Changes in proportion and differences between contributions recognized and proportionate share of contributions	641,197	92,267
Contributions subsequent to the measurement date	206,381	N/A
Total	\$ 1,686,696	\$ 2,247,577

\$206,381 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (793,838)
2023	337,643
2024	(118,275)
2025	(192,792)
2026	-
Thereafter	-

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 7,573,186	\$ 5,551,856	\$ 3,867,422

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.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

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

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.

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.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Colorado Springs Charter Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Colorado Springs Charter Academy were \$20,151 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 Colorado Springs Charter Academy reported a liability of \$201,933 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 Colorado Springs Charter Academy proportion of the net OPEB liability was based on Colorado Springs Charter Academy contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Colorado Springs Charter Academy proportion was 0.0212510593 percent, which was a decrease of 0.0001137157 from its proportion measured as of December 31, 2019.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2021, the Colorado Springs Charter Academy recognized OPEB expense of (\$6,654). At June 30, 2021, the Colorado Springs Charter Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 536	\$ 44,395
Changes of assumptions or other inputs	1,509	12,382
Net difference between projected and actual earnings on OPEB plan investments	-	8,251
Changes in proportion and differences between contributions recognized and proportionate share of contributions	35,961	1,562
Contributions subsequent to the measurement date	10,589	N/A
Total	\$ 48,595	\$ 66,590

\$10,589 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (6,021)
2023	(4,867)
2024	(6,383)
2025	(5,327)
2026	(5,625)
Thereafter	(361)

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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.

COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

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.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$196,714	\$201,933	\$208,009

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.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 231,318	\$ 201,933	\$ 176,826

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.

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 - RISK MANAGEMENT

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

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 10 - CONCENTRATION OF RISK

The School is funded directly by the District based on the District's per pupil funding. For the fiscal year ended June 30, 2021, this funding accounted for approximately 78% of the School's revenues.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 12 - COMPLIANCE

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

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2021 there was a \$105,000 reservation of fund balance in the General Fund for the amendment.

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

**COLORADO SPRINGS CHARTER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – RESTATEMENT FOR CORRECTION OF ERRORS

The School has restated the financial statements for the year ended June 30, 2020 to report Facility Corp activities separately from the General fund as a blended component unit. The effect of this restatement reduced cash in the General Fund by \$1,014,236.

The School has also restated the financial statements for the year ended June 30, 2020 to correct prepaid balances in the General Fund. The effect of this restatement reduced prepaid expenses by \$132,596.

These restatements had the following effect on the net position of governmental activities and fund balance of the General Fund:

Governmental Activities:

Net position, June 30, 2020, as originally stated	\$ (6,782,729)
Correction of error	<u>(132,596)</u>
Net position, June 30, 2020, as Restated	<u>\$ (6,915,325)</u>

General Fund:

Fund Balance, June 30, 2020, as originally stated	\$ 3,159,749
Correction of prepaid balance	(1,014,236)
Correction of Facility Corp balances	<u>(132,596)</u>
Fund Balance, June 30, 2020, as Restated	<u>\$ 2,012,917</u>

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO SPRINGS CHARTER ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's proportion of the net pension liability (asset)	0.0367235216%	0.0326951809%	0.0312621618%	0.0340841910%	0.0292642670%	0.0365486375%	0.0361227206%	0.0364057368%
School's proportionate share of the net pension liability (asset)	\$ 5,551,856	\$ 4,884,589	\$ 5,535,608	\$ 11,021,635	\$ 8,713,104	\$ 5,589,856	\$ 4,895,842	\$ 4,643,542
State's proportionate share of the net pension liability (asset) associated with the School	-	784,720	756,918	-	-	-	-	-
Total	<u>\$ 5,551,856</u>	<u>\$ 5,669,309</u>	<u>\$ 6,292,526</u>	<u>\$ 11,021,635</u>	<u>\$ 8,713,104</u>	<u>\$ 5,589,856</u>	<u>\$ 4,895,842</u>	<u>\$ 4,643,542</u>
School's covered payroll	\$ 1,964,025	\$ 1,930,582	\$ 1,718,648	\$ 1,558,587	\$ 1,235,886	\$ 1,589,032	\$ 1,513,292	\$ 1,467,630
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	282.68%	293.70%	366.10%	707.16%	705.01%	351.78%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

See the accompanying independent auditors' report.

COLORADO SPRINGS CHARTER ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 392,798	\$ 374,147	\$ 340,873	\$ 308,407	\$ 318,370	\$ 297,344	\$ 288,382	\$ 248,807
Contributions in relation to the contractually required contribution	<u>(392,798)</u>	<u>(374,147)</u>	<u>(340,873)</u>	<u>(308,407)</u>	<u>(318,370)</u>	<u>(297,344)</u>	<u>(288,382)</u>	<u>(248,807)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,975,843	\$ 1,930,582	\$ 1,781,888	\$ 1,632,071	\$ 1,640,237	\$ 1,584,245	\$ 1,609,601	\$ 1,463,262
Contributions as a percentage of covered payroll	19.88%	19.38%	19.13%	18.90%	19.41%	18.77%	17.92%	17.00%

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

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

See the accompanying independent auditors' report.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's proportion of the net OPEB liability (asset)	0.0212510593%	0.0213647750%	0.0203205653%	0.0191980496%	0.0156520615%
School's proportionate share of the net OPEB liability (asset)	\$ 201,933	\$ 240,140	\$ 276,470	\$ 249,504	\$ 202,934
School's covered payroll	\$ 1,964,025	\$ 1,930,582	\$ 1,718,648	\$ 1,558,587	\$ 1,235,886
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.28%	12.44%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.5%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

COLORADO SPRINGS CHARTER ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 20,151	\$ 19,692	\$ 18,175	\$ 16,647	\$ 16,730
Contributions in relation to the contractually required contribution	<u>(20,151)</u>	<u>(19,692)</u>	<u>(18,175)</u>	<u>(16,647)</u>	<u>(16,730)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 1,975,843	\$ 1,930,582	\$ 1,781,888	\$ 1,632,071	\$ 1,640,237
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

COLORADO SPRINGS CHARTER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 219,410	\$ 167,185	\$ 220,549	\$ 53,364
State sources	3,772,297	3,246,932	3,219,689	(27,243)
Federal sources	217,049	234,575	394,092	159,517
	<u>4,208,756</u>	<u>3,648,692</u>	<u>3,834,330</u>	<u>185,638</u>
EXPENDITURES				
Instruction	2,269,113	2,021,064	2,111,122	(90,058)
Supporting services	1,204,833	1,072,185	1,458,307	(386,122)
Facilities acquisition and construction	554,146	554,340	40,251	514,089
Appropriated reserves	21,990	10,575	-	10,575
	<u>4,050,082</u>	<u>3,658,164</u>	<u>3,609,680</u>	<u>48,484</u>
Excess (deficiency) of revenues over expenditures	158,674	(9,472)	224,650	234,122
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(503,975)</u>	<u>(503,975)</u>	<u>(503,975)</u>	<u>-</u>
Net change in fund balances	<u>(345,301)</u>	<u>(513,447)</u>	<u>(279,325)</u>	<u>234,122</u>
Fund balance - beginning, as originally stated	2,949,111	2,949,111	3,159,749	210,638
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>(1,146,832)</u>	<u>(1,146,832)</u>
Fund balances - beginning	<u>2,949,111</u>	<u>2,949,111</u>	<u>2,012,917</u>	<u>(936,194)</u>
Fund balance - ending	<u>\$ 2,603,810</u>	<u>\$ 2,435,664</u>	<u>\$ 1,733,592</u>	<u>\$ (702,072)</u>

See the accompanying Independent Auditors' Report.