

**CRESTONE CHARTER SCHOOL
CRESTONE, COLORADO**

**FINANCIAL STATEMENTS
June 30, 2024**



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CRESTONE CHARTER SCHOOL
TABLE OF CONTENTS
June 30, 2024

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	i-vii
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Notes to the Basic Financial Statements	10
Required Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	33
Student Activity Fund	34
Schedule of the School's Proportionate Share of the Net Pension Liability - PERA SCHDTF Pension Plan	35
Schedule of the School's Contributions - PERA SCHDTF Pension Plan	36
Schedule of the School's Proportionate Share of the Net OPEB Liability- PERA Healthcare Trust Fund	37
Schedule of the School's Contributions - PERA Healthcare Trust Fund	38
Notes to the Required Supplementary Information	39
Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Reserve Capital Projects Fund	45

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Governing Council
Crestone Charter School
Crestone, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crestone Charter School, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Crestone Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Crestone Charter School, as of June 30, 2024, and the respective changes in financial position, and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Crestone Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crestone Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crestone Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Crestone Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crestone Charter School's basic financial statements. The budgetary comparison for the Capital Reserve Capital Projects Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the Capital Reserve Capital Projects Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 18, 2025

**Crestone Charter School
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2024**

As management of the Crestone Charter School, Saguache County, Colorado, we offer readers of the School's Annual Financial Report this narrative and analysis of the financial activities of the School for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of the School exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,266,653. Of this amount, the school has a positive *unrestricted net position* balance of \$186,857.
- The School's Change in Net Position -\$501,164 with School-wide net position totaling \$5,266,653 at the end of the fiscal year.

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

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

The Statement of Net Position presents information about all of the School's position and liabilities. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as *net position*. Over time changes in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the School changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The School is a component unit of the Moffat Consolidated School District #2. Financial information for the Charter School is presented separately from the primary government because the Charter School is financially accountable to the District and provides services to the School's students.

Other Financial Highlights

The school implemented GASB 68 resulting in a net pension liability for 2024 of \$2,454,162. Under GASB 68, the School's proportionate share of the net pension liability of the Colorado State Requirement System, the Public Employees Retirement Association, is recorded as a liability of the School.

The school implemented GASB 75 resulting in a net Other Post Employment Benefit (OPEB) liability of \$57,232 at June 30, 2024. Under GASB 75, the District's proportionate share of the net Other Post Employment Benefits liability of the Health Care Trust Fund (HCTF) of the state retirement system of the Public Employees Retirement Association, is recorded as a liability of the District.

Fund Financial Statements

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

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

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

The School maintains three different governmental funds. All funds are classified as major funds. They are the general fund, student activity fund, and the capital reserve capital projects fund. They are presented separately in the fund financial statements. Note: in the 2023 these funds were presented as combined and have been separated again for 2024 as suggested by CDE; see the Governmental Funds Balance Sheet below.

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

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

School-wide Financial Analysis

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

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

Current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, interest payable, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal 2024-2025.

The assets of the primary government activities exceed liabilities resulting in a net position of \$5,266,653 with an unrestricted net position of \$186,857. Total net position of the primary government activities do not include internal balances. (Table A-1)

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

Table A-1 Statement of Net Position 2022-2024

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	Governmental Activities	Governmental Activities	Governmental Activities
Current assets	2,413,479	2,703,578	3,204,285
Capital Assets	4,876,582	4,872,323	4,690,796
Total Assets	7,290,061	7,575,901	7,895,081
Deferred Outflows	352,037	372,074	574,378
Current Liabilities	242,331	362,958	596,190
Long Term Liabilities	1,172,852	1,776,831	2,511,394
Total Liabilities	1,415,183	2,139,789	3,107,584
Deferred Inflows	593,787	40,369	95,222
Net Position			
Investment in Capital Assets	4,876,582	5,327,519	4,690,796
Restricted	320,000 (TABOR w/ Best Reserve)	45,400 (TABOR w/out Best Reserve)	389,000 (TABOR w/ Best Reserve)
Unrestricted	436,546	394,898	186,857
Total Net Position	5,633,128	\$5,767,817	5,266,653

Table A-2 Statement of Activities for 2022-2024 (new version)

	2022 Governmental Activities	2023 Governmental Activities	2024 Governmental Activities
Program Revenues:			
Charges for Services	\$4,495	-	1,772
Operating Grants & Contributions	554,644	642,157	606,155
Capital Grants & Contributions	-	10,350	-
General Revenues:			
Per Pupil Revenue	1,370,677	1,478,915	1,807,264
Interest	973	1,137	15,651
Other	-	32,398	-
Unrestricted state Aid	-	45,748	-
Total General Revenue	1,371,650	1,558,198	1,822,915
Total Revenue	1,930,789	2,210,705	2,430,842

	2022 Governmental Activities		2023 Governmental Activities	2024 Governmental Activities
Expenses				
Instructional	656,626		1,044,145	1,464,370
Student Support Services	146,537		1,031,873	265,498
Instructional Staff Sup Serv	2,570			1,403
General Administration	194,504			295,490
School Administration	155,281			399,549
Operations & Maintenance	121,108			270,083
Student Transportation	29,509			88,594
Central Support	40,492			94,433
Food Service	23,067			48,775
Facilities Acquired and Construction Costs	520			3,811
Pension Amortization	-			
Total Expenses	1,367,644		2,076,018	2,932,006
Change in Net Position	563,145		134,687	(-) 501,164
Ending Net Position	\$5,633,128		\$5,767,817	5,266,653

Table A-3 Statement of Revenues

Revenues	2022	2023	2024
Local Sources	39,647	-	51,888
County Sources	0	-	0
State Sources	248,735	611,729	74,019
Federal Sources	271,730	-	497,671
Allocated From Moffat School	1,370,677	1,553,228	1,807,264

Total Revenues	1,930,789	2,164,957	2,430,842
----------------	-----------	-----------	-----------

Governmental

Change in Net Position 2024

Total Revenue for 2024 was \$2,430,842 and total operating expenses were \$2,932,006, for a Change in Net Position of \$(-)501,164, this includes PERA, OPED, and Depreciation.

Change in Fund Balance 2024

The Crestone Charter School’s total cost of services and programs was \$2,163,367. These expenses cover a range of services including Instructional Program, Student Support Services, Instructional Staff Support Services, General Administration Support Services, School Administration Support Services, Operations and Maint. of Plant Services, Student Transportation Services, Food Services, Central Support Services, Facilities Acquisition and Const. costs. This is \$167,881 more than 2023’s total cost of services and programs (\$1,995,487).

Revenue for 2024 was \$2,430,842 and expenses were 2,163,368, for a net change of \$267,474. The net position change is less than the fund balance change because the net position does not include depreciation in excess of capital expense (-181,528) and deferred charges for pensions (587,110).

Financial Analysis of the School's Governmental Funds

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

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

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

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

The Student Activity Fund is an account used for the transactions within student clubs and organizations.

General Fund Budgetary Highlights

According to the Audit, the revised beginning Fund Balance was 1,865,424 and it increased by \$257,087 resulting in an ending fund balance on June 20, 2024 of \$2,122,511 due to underestimated revenue in PPR, and an underspending in instructional programming, student support services (counselor), and supplies. Final budgeted expenditures of \$2,385,207 exceeded actual expenditures of \$2,155,869 by \$229,338.

Capital Assets and Debt Administration

The School's investment in capital assets for its governmental and business-type activities as of June 30, 2024 went down slightly from \$4.8 million to approximately, \$4.7 million.

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 448,458	\$ -	\$ -	\$ 448,458
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>448,458</u>	<u>-</u>	<u>-</u>	<u>448,458</u>
Capital assets being depreciated				
Building & Site Improvements	5,851,740	-	-	5,851,740
Equipment & Vehicles	313,387	-	-	313,387
Total capital assets being depreciated	<u>6,165,127</u>	<u>-</u>	<u>-</u>	<u>6,165,127</u>
Less accumulated depreciation for:				
Building & Site Improvements	1,597,197	150,040	-	1,747,237
Equipment & Vehicles	144,064	31,488	-	175,552
Total accumulated depreciation	<u>1,741,261</u>	<u>181,528</u>	<u>-</u>	<u>1,922,789</u>
Total Capital Assets being depreciated, net	<u>4,423,866</u>	<u>(181,528)</u>	<u>-</u>	<u>4,242,338</u>
Total Capital Assets	<u>\$ 4,872,324</u>	<u>\$ (181,528)</u>	<u>\$ -</u>	<u>\$ 4,690,796</u>

Governmental Activities

Economic Factors and Next Year's Budgets and Rates

Budget

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

Requests for Information

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

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

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

CRESTONE CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

CRESTONE CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,707,743
Accounts Receivable	30,807
Due from Other Governments	463,353
Prepaid Expenses	2,382
Total Current Assets	3,204,285
Capital Assets	
Land	448,458
Depreciable Assets	6,165,127
Less: Accumulated Depreciation	(1,922,789)
Total Capital Assets	4,690,796
TOTAL ASSETS	7,895,081
DEFERRED OUTFLOWS OF RESOURCES	
Pension	559,134
OPEB	15,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	574,378
LIABILITIES	
Current Liabilities	
Accounts Payable	78,048
Accrued Salaries and Benefits	57,812
Due to Other Governments	178,303
Unearned Grant Revenue	282,027
Total Current Liabilities	596,190
Long-term Liabilities	
Net Pension Liability	2,454,162
Net OPEB Liability	57,232
Total Long-term Liabilities	2,511,394
TOTAL LIABILITIES	3,107,584
DEFERRED INFLOWS OF RESOURCES	
Pension	70,184
OPEB	25,038
TOTAL DEFERRED INFLOWS OF RESOURCES	95,222
NET POSITION	
Net Investment in Capital Assets	4,690,796
Restricted for:	
TABOR	59,000
BEST Reserve	330,000
Unrestricted	186,857
TOTAL NET POSITION	\$ 5,266,653

The accompanying notes are an integral part of this financial statement.

CRESTONE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 1,464,370	\$ -	\$ 550,961	\$ -	\$ (913,409)
Student Support Services	265,498	1,772	33,139	-	(230,587)
Instructional Staff Support Services	1,403	-	-	-	(1,403)
General Administration Support Services	295,490	-	-	-	(295,490)
School Administration Support Services	399,549	-	-	-	(399,549)
Operations & Maintenance of Plant Services	270,083	-	22,055	-	(248,028)
Student Transportation Services	88,594	-	-	-	(88,594)
Food Services	48,775	-	-	-	(48,775)
Central Support Services	94,433	-	-	-	(94,433)
Facilities Acquisition and Const. Costs	3,811	-	-	-	(3,811)
Total Governmental Activities	\$ 2,932,006	\$ 1,772	\$ 606,155	\$ -	(2,324,079)
General Revenues:					
					15,651
					1,807,264
					-
					1,822,915
					(501,164)
					5,767,817
					\$ 5,266,653

The accompanying notes are an integral part of this financial statement.

CRESTONE CHARTER SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	GENERAL FUND	STUDENT ACTIVITY SPECIAL REVENUE FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 2,208,040	\$ 79,344	\$ 420,359	\$ 2,707,743
Accounts Receivable	30,807	-	-	30,807
Due From Other Governments	463,353	-	-	463,353
Due From Other Funds	14,119	-	-	14,119
Prepaid Expenses	2,382	-	-	2,382
TOTAL ASSETS	\$ 2,718,701	\$ 79,344	\$ 420,359	\$ 3,218,404
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 78,048	\$ -	\$ -	\$ 78,048
Accrued Salaries & Benefits	57,812	-	-	57,812
Due to Other Governments	178,303	-	-	178,303
Due to Other Funds	-	14,119	-	14,119
Unearned Grant Revenue	282,027	-	-	282,027
TOTAL LIABILITIES	596,190	14,119	-	610,309
FUND BALANCE				
Nonspendable	2,382	-	-	2,382
Restricted	59,000	-	330,000	389,000
Committed	-	-	90,359	90,359
Assigned	-	65,225	-	65,225
Unassigned	2,061,129	-	-	2,061,129
TOTAL FUND BALANCE	2,122,511	65,225	420,359	2,608,095
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,718,701	\$ 79,344	\$ 420,359	\$ 3,218,404

The accompanying notes are an integral part of this financial statement.

CRESTONE CHARTER SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total governmental fund balances \$ 2,608,095

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$ 6,613,585	
Accumulated Depreciation	<u>(1,922,789)</u>	4,690,796

Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position. 574,378

Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds. (2,511,394)

Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds. (95,222)

Net position of governmental activities \$ 5,266,653

CRESTONE CHARTER SCHOOL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	<u>GENERAL FUND</u>	<u>STUDENT ACTIVITY SPECIAL REVENUE FUND</u>	<u>CAPITAL RESERVE CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 49,883	\$ 1,812	\$ 193	\$ 51,888
State Sources	74,019	-	-	74,019
Federal Sources	497,671	-	-	497,671
Other Sources	1,807,264	-	-	1,807,264
TOTAL REVENUES	<u>2,428,837</u>	<u>1,812</u>	<u>193</u>	<u>2,430,842</u>
EXPENDITURES				
Instructional Program	985,064	713	-	985,777
Student Support Services	201,686	-	-	201,686
Instructional Staff Support Services	1,165	-	-	1,165
General Administration Support Services	295,490	-	-	295,490
School Administration Support Services	295,328	-	-	295,328
Operations and Maint. of Plant Services	211,419	-	6,785	218,204
Student Transportation Services	43,148	-	-	43,148
Food Services	48,775	-	-	48,775
Central Support Services	69,983	-	-	69,983
Facilities Acquisition and Const. Costs	3,811	-	-	3,811
TOTAL EXPENDITURES	<u>2,155,869</u>	<u>713</u>	<u>6,785</u>	<u>2,163,367</u>
Excess (deficiency) of revenues over expenditures	<u>272,968</u>	<u>1,099</u>	<u>(6,592)</u>	<u>267,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	14,119	-	30,000	44,119
Transfers to Other Funds	(30,000)	(14,119)	-	(44,119)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,881)</u>	<u>(14,119)</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>257,087</u>	<u>(13,020)</u>	<u>23,408</u>	<u>267,475</u>
Fund Balance, Beginning of Year	2,340,620	-	-	2,340,620
Fund Balance Allocation *	<u>(475,196)</u>	<u>78,245</u>	<u>396,951</u>	<u>-</u>
Fund Balance, Beginning of Year, Restated	<u>1,865,424</u>	<u>78,245</u>	<u>396,951</u>	<u>2,340,620</u>
Fund Balance, End of Year	<u>\$ 2,122,511</u>	<u>\$ 65,225</u>	<u>\$ 420,359</u>	<u>\$ 2,608,095</u>

* To allocate fund balance previously reported in the General Fund to other funds to align with the School's accounting records, budget, and CDE reporting.

The accompanying notes are an integral part of this financial statement.

CRESTONE CHARTER SCHOOL
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, 2024

Net change in fund balances - total governmental funds \$ 267,474

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

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. This is the activity in the capital assets in the current period.

Fixed asset additions	\$	-	
Depreciation expense		<u>(181,528)</u>	(181,528)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension and OPEB expense.		<u>(587,110)</u>	
---	--	------------------	--

Change in net position of governmental activities \$ (501,164)

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The School serves students in grades K-12.

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

REPORTING ENTITY

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

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

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

Cash and investments

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

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

Capital Assets

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

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

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

Liabilities

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities. The School records long-term debt of governmental funds at the face value. The School does not have a material liability for compensated absences payable at June 30, 2024.

Constitutional Amendment – TABOR Emergency Reserve

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2024 the School's required TABOR Reserve was \$59,000.

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

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Governing Council, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Council removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Governing Council or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Order of Fund Balance Spending Policy

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

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

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

As of June 30, 2024, fund balances are composed of the following:

	GENERAL FUND	STUDENT ACTIVITY FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
Nonspendable:				
Prepaid Expenses	\$ 2,382	\$ -	\$ -	\$ 2,382
Restricted:				
TABOR	59,000	-	-	59,000
BEST Grant Renewal	-	-	330,000	330,000
	<u>59,000</u>	<u>-</u>	<u>330,000</u>	<u>389,000</u>
Committed:				
Capital Outlay	-	-	90,359	90,359
Assigned:				
Student Activity	-	65,225	-	65,225
Unassigned	2,061,129	-	-	2,061,129
	<u>\$ 2,122,511</u>	<u>\$ 65,225</u>	<u>\$ 420,359</u>	<u>\$ 2,608,095</u>

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Governing Council in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes. The School has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

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

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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

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

NOTE 3 CASH AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the School are as follows:

Cash in Banks	\$ 1,696,902
ColoTrust	<u>1,010,841</u>
Total Cash, Deposits and Investments	<u><u>\$ 2,707,743</u></u>

Deposits

Colorado State Statutes govern the School's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

As of year-end, \$1,244,394 of the School's total bank balance of \$1,744,394 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution. The market value of the collateral must be at least 102% to the aggregate uninsured deposits.

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include 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
- Banker's acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The School has no policy restricting the amount that can be invested in any issuer.

The Colorado Government Liquid Asset Trust (COLOTRUST) Plus is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates in a manner similar to a money market fund 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 in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. ColoTrust is rated AAAM by Standard and Poor’s.

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The School reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balance at June 30, 2024, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Student Activity Fund	\$ 14,119

Interfund Transfers

Interfund transfers for the year ended June 30, 2024, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Student Activity Fund	\$ 14,119
Capital Reserve Capital Projects Fund	General Fund	30,000
		\$ 44,119

The General Fund transfer was made to build capital project reserves in the Capital Reserve Capital Projects Fund.

The Student Activity Fund transferred funds to cover expenditures paid out of the General Fund.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 448,458	\$ -	\$ -	\$ 448,458
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>448,458</u>	<u>-</u>	<u>-</u>	<u>448,458</u>
Capital assets being depreciated				
Building & Site Improvements	5,851,740	-	-	5,851,740
Equipment & Vehicles	313,387	-	-	313,387
Total capital assets being depreciated	<u>6,165,127</u>	<u>-</u>	<u>-</u>	<u>6,165,127</u>
Less accumulated depreciation for:				
Building & Site Improvements	1,597,197	150,040	-	1,747,237
Equipment & Vehicles	144,064	31,488	-	175,552
Total accumulated depreciation	<u>1,741,261</u>	<u>181,528</u>	<u>-</u>	<u>1,922,789</u>
Total Capital Assets being depreciated, net	<u>4,423,866</u>	<u>(181,528)</u>	<u>-</u>	<u>4,242,338</u>
Total Capital Assets	<u>\$ 4,872,324</u>	<u>\$ (181,528)</u>	<u>\$ -</u>	<u>\$ 4,690,796</u>

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

Governmental Activities	
Instruction	\$ 148,982
Operation and Maintenance	1,376
Transportation	<u>31,170</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 181,528</u>

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. 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 the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

Contributions provisions as of June 30, 2024. Eligible employees of Crestone Charter School 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 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer Contribution Rate	11.40%
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	10.38%
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	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Crestone Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Crestone Charter School were \$199,021, for the year ended June 30, 2024.

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. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution 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. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. Crestone Charter School's proportion of the net pension liability was based on Crestone Charter School contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, Crestone Charter School reported a liability of \$2,454,162 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by Crestone Charter School as its proportionate share of the net pension liability, the related

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Crestone Charter School were as follows:

Crestone Charter School's proportionate share of the net position liability	\$	2,454,162
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with Crestone Charter School		53,813
Total	\$	2,507,975

At December 31, 2023, Crestone Charter School's proportion was 0.011%, which was an increase of 0.001% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, Crestone Charter School recognized pension expense of \$579,067 and revenue of \$4,102 for support from the State as a nonemployer contributing entity. At June 30, 2024, Crestone Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,374	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	175,925	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	162,852	70,184
Contributions subsequent to the measurement date	103,983	-
Total	\$ 559,134	\$ 70,184

\$103,983 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, 2025. 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,		
2025	\$	64,294
2026		182,550
2027		187,376
2028		(49,053)
2029		-
Thereafter		-

Actuarial assumptions. The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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%-11.0%
Long-term investment rate of return, net of OPEB 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 (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06*	Financed by the AIR

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

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of 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 the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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

Discount rate. The discount rate used to measure the TPL was 7.25%. 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%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State,

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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.

- 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 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

Based on the above assumptions and methods, the projection test indicates 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 3,281,623	\$ 2,454,162	\$ 1,764,160

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

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. Eligible employees of Crestone Charter School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program 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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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 Crestone Charter School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Crestone Charter School were \$9,961 for the year ended June 30, 2024.

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

At June 30, 2024, Crestone Charter School reported a liability of \$57,232 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

(TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. Crestone Charter School's proportion of the net OPEB liability was based on Crestone Charter School's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, Crestone Charter School proportion was 0.006%, which was a decrease of 0.0006% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 Crestone Charter School recognized OPEB expense of \$8,045. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 11,730
Net difference between projected and actual earnings on OPEB plan investments	1,770	-
Changes of assumptions or other inputs	673	6,069
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,596	7,239
Contributions subsequent to the measurement date	5,205	-
Total	\$ 15,244	\$ 25,038

\$5,205 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, 2025. 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,	
2025	(5,677)
2026	(3,308)
2027	(1,073)
2028	(2,414)
2029	(1,699)
Thereafter	(827)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

Health care cost trend rates

PERA benefit structure:

Service-based premium subsidy

0.00 %

PERACare Medicare plans

7.00% in 2023

gradually decreasing to 4.50% in 2033

Medicare Part A premiums

3.50% in 2023, gradually increasing to

4.50% in 2035

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase	Annual Increase
	(Male)	(Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 (actual dollars) per month.

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

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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 TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee 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% 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% of the rates for ages 80 and older, with generational projection using scale MP-2019.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 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.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25% 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:

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Part A 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	<u>\$ 55,589</u>	<u>\$ 57,232</u>	<u>\$ 59,019</u>

Discount rate. The discount rate used to measure the TOL was 7.25%. 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, 2023, 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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF .reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 67,598	\$ 57,232	\$ 48,364

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

NOTE 8 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2024, program members contributed \$6,445 for the Voluntary Investment Program.

CRESTONE CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 RISK MANAGEMENT

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

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

NOTE 10 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The School participates in a number of federal, state and local programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by the grantor but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the School.

CRESTONE CHARTER SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the School's major special revenue funds. In addition, pension plan and OPEB contributions and the School's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 85,172	\$ 135,172	\$ 49,883	\$ (85,289)
State Sources	151,916	201,916	74,019	(127,897)
Federal Sources	284,464	440,978	497,671	56,693
Other Sources	1,357,428	1,657,698	1,807,264	149,566
TOTAL REVENUES	1,878,980	2,435,764	2,428,837	(6,927)
EXPENDITURES				
Instructional Program	485,990	1,022,217	985,064	37,153
Student Support Services	214,820	214,820	201,686	13,134
Institutional Staff Support Services	14,260	14,260	1,165	13,095
General Administration Support Services	298,386	298,386	295,490	2,896
School Administration Support Services	306,277	306,277	295,328	10,949
Operations and Maintenance of Plant Services	260,001	260,001	211,419	48,582
Student Transportation Services	44,637	44,637	43,148	1,489
Food Services	52,353	52,353	48,775	3,578
Central Support Services	72,256	72,256	69,983	2,273
Facilities Acquisition and Const. Costs	100,000	100,000	3,811	96,189
TOTAL EXPENDITURES	1,848,980	2,385,207	2,155,869	229,338
Excess (deficiency) of revenues over expenditures	30,000	50,557	272,968	222,411
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(30,000)	(30,000)	(15,881)	14,119
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	(30,000)	(15,881)	14,119
Net Change in Fund Balance	-	20,557	257,087	236,530
Fund Balance at Beginning of Year			2,340,620	
Fund Balance Allocation			(475,196)	
Fund Balance, Beginning of Year, Restated	1,720,097	1,865,425	1,865,424	(1)
Fund Balance at End of Year	\$ 1,720,097	\$ 1,885,982	\$ 2,122,511	\$ 236,529

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2024

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 100,045	\$ 100,045	\$ 1,812	\$ (98,233)
TOTAL REVENUES	<u>100,045</u>	<u>100,045</u>	<u>1,812</u>	<u>(98,233)</u>
EXPENDITURES				
Instructional Program	100,000	100,000	713	99,287
TOTAL EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>713</u>	<u>99,287</u>
Excess (deficiency) of revenues over expenditures	<u>45</u>	<u>45</u>	<u>1,099</u>	<u>1,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	-	-	-	-
Transfers to Other Funds	-	-	(14,119)	(14,119)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(14,119)</u>	<u>(14,119)</u>
Net Change in Fund Balance	45	45	<u>(13,020)</u>	(13,065)
Fund Balance at Beginning of Year			-	
Fund Balance Allocation			<u>78,245</u>	
Fund Balance, Beginning of Year, Restated	<u>75,185</u>	<u>78,245</u>	<u>78,245</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 75,230</u>	<u>\$ 78,290</u>	<u>\$ 65,225</u>	<u>\$ (13,065)</u>

Notes to the Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CRESTONE CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCDTIF PENSION PLAN
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0108%	0.0090%	0.0096%	0.0109%	0.0086%	0.0090%	0.0110%	0.0111%	0.0176%	0.0150%
School's proportionate share of the net pension liability (asset)	\$ 2,454,162	\$ 1,724,027	\$ 1,118,728	\$ 1,649,857	\$ 1,290,137	\$ 1,585,639	\$ 3,567,282	\$ 3,312,760	\$ 2,691,116	\$ 2,033,004
State's proportionate share of the net pension liability (asset) associated with the School	53,813	389,031	128,248	-	163,637	212,205	-	-	-	-
Total	<u>2,507,975</u>	<u>2,113,058</u>	<u>1,246,976</u>	<u>1,649,857</u>	<u>1,453,774</u>	<u>1,797,844</u>	<u>3,567,282</u>	<u>3,312,760</u>	<u>2,691,116</u>	<u>2,033,004</u>
School's covered payroll	\$ 924,609	\$ 656,316	\$ 590,963	\$ 594,349	\$ 524,813	\$ 523,356	\$ 516,806	\$ 521,133	\$ 766,210	\$ 625,001
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	265%	263%	189%	278%	246%	303%	690%	636%	351%	325%
Plan fiduciary net position as a percentage of the total pension liability	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**CRESTONE CHARTER SCHOOL
SCHEDULE OF SCHOOL'S CONTRIBUTIONS
PERA SCHEDULE PENSION PLAN
For the Years Ended June 30,**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 199,021	\$ 144,601	\$ 125,962	\$ 118,157	\$ 101,709	\$ 100,120	\$ 97,621	\$ 97,175	\$ 135,749	\$ 105,758
Contributions in relation to the contractually required contribution	(199,021)	(144,601)	(125,962)	(118,157)	(101,709)	(100,120)	(97,621)	(97,175)	(135,749)	(105,758)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 976,548	\$ 709,526	\$ 633,611	\$ 594,349	\$ 524,813	\$ 523,356	\$ 516,806	\$ 521,133	\$ 766,210	\$ 625,001
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.65%	17.72%	16.92%

CRESTONE CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.006239%	0.006880%	0.006277%	0.006246%	0.006195%	0.005864%	0.005639%	0.005495%
School's proportionate share of the net OPEB liability (asset)	\$ 57,232	\$ 52,804	\$ 54,124	\$ 60,010	\$ 63,446	\$ 77,509	\$ 81,462	\$ 81,803
School's covered payroll	\$ 924,609	\$ 656,316	\$ 590,963	\$ 586,740	\$ 590,696	\$ 523,356	\$ 516,806	\$ 521,133
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	6%	8%	9%	10%	11%	15%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.75%	39.40%	32.78%	24.49%	17.03%	17.53%	20.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

CRESTONE CHARTER SCHOOL
SCHEDULE OF SCHOOL'S CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 9,961	\$ 7,237	\$ 6,463	\$ 6,062	\$ 5,353	\$ 5,338	\$ 5,271	\$ 5,315
Contributions in relation to the contractually required contribution	(9,961)	(7,237)	(6,463)	(6,062)	(5,353)	(5,338)	(5,271)	(5,315)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 976,548	\$ 709,526	\$ 633,611	\$ 594,349	\$ 524,813	\$ 523,356	\$ 516,806	\$ 521,133
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25% per year.

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

2018

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years.

2017 – no changes

2016 – no changes

2015 – no changes

2014 – no changes

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 – no changes

2022 – no changes

2021

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- 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.

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018

- The single equivalent interest rate (SEIR) was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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% factor applied to male rates and a 55% factor applied to female rates.

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

2015

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 – no changes

NOTE 2 OTHER POST-EMPLOYMENT BENEFIT PLAN - COLORADO PERA HCTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 payment received on December 4, 2023 and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1,033 and \$24,967, respectively.

2022

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

2021 – no changes

2020 – no changes

2019 – no changes

2018 – no changes

2017

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 – no changes

2022

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 – no changes

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

CRESTONE CHARTER SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 – no changes

2018 – no changes

2017 – no changes

CRESTONE CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual: Capital Reserve Capital Projects
Fund

CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 420	\$ 200	\$ 193	\$ (7)
TOTAL REVENUES	<u>420</u>	<u>200</u>	<u>193</u>	<u>(7)</u>
EXPENDITURES				
Operations and Maintenance	100,000	97,151	6,785	90,366
TOTAL EXPENDITURES	<u>100,000</u>	<u>97,151</u>	<u>6,785</u>	<u>90,366</u>
Excess (deficiency) of revenues over expenditures	<u>(99,580)</u>	<u>(96,951)</u>	<u>(6,592)</u>	<u>90,359</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	30,000	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	(69,580)	(66,951)	<u>23,408</u>	90,359
Fund Balance at Beginning of Year			-	
Fund Balance Allocation			<u>396,951</u>	
Fund Balance, Beginning of Year, Restated	<u>400,000</u>	<u>396,951</u>	<u>396,951</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 330,420</u>	<u>\$ 330,000</u>	<u>\$ 420,359</u>	<u>\$ 90,359</u>