Marble Charter School

Financial Report

June 30, 2018

Marble Charter School
June 30, 2018

Table of Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marble Charter School

We have audited the accompanying financial statements of the governmental activities and each major fund of the Marble Charter School (the “School”), as of and for the year ended June 30, 2018, which collectively comprise the School’s basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Marble Charter School as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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Emphasis of Matter

As discussed in Note IV.I to the financial statement, in the year ended June 30, 2018, the School adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer's Pension Contributions, Schedule of Employer's Proportionate Share of the Net Other Post-Employment Benefit Liability and Schedule of Employer's OPEB Contributions in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements taken as a whole. The Colorado Department of Education Auditor's Electronic Data Integrity Check Figures is presented for purposes of additional analysis are is not a required part of the School's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
December 4, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marble Charter School
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2018

As management of the Marble Charter School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018.

Financial Highlights

- The liabilities of the School exceeded its assets as of June 30, 2018, by $139,383 (net position).
- The School's net position decreased by $343,302 from 2017. This is primarily due to an increase in the School's Net Pension Liability of $70,066 and Net OPEB Liability of $2,243.
- The School had a fund balance of $178,698, or 31% of total fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have three components: 1) School-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

School-wide Financial Statements: The School-wide financial statements are designed to provide readers with a broad overview of the School's finances, using accounting methods similar to those used by a private-sector business.

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

The Statement of Activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The School-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities). The school only reports governmental activities.

- **Governmental activities**: Most of the School's basic services are included here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, technology and administration.

The School-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the School by fund instead of the School as a whole. The School only reports governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the School-wide financial statements. However, unlike the School-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The School's most significant, or "major", governmental fund is the General Fund. The School does not report any other funds.

Because the focus of governmental funds is narrower than that of the School-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the School-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found on page E1.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements. The Notes to the Financial Statements can be found in section D this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the School's annual appropriated budgets.

School-wide Financial Analysis:

The following table provides a summary of the School's net position as of the fiscal years ended June 30, 2018 and 2017:

Marble Charter School Summary of Net Position

	2018	2017
Assets:		
Current and other assets	$ 834,213	$ 940,418
Capital assets	1,315,679	1,353,783
Total Assets	2,149,892	2,294,201
Liabilities:		
Other liabilities	59,613	36,337
Long-term liabilities	2,229,662	2,006,669
Total Liabilities	2,289,275	2,043,006
Net Position:		
Investment in capital assets	1,315,679	1,353,783
Restricted for emergency	19,000	16,000
Unrestricted	(1,474,062)	(1,118,588)
Total Net Position	$ (139,383)	$ 251,195

Note that net position may serve as an indicator of the School's financial position over time. The School's net position for governmental activities decreased during the current year (see further discussion below).

The following table presents a summary of activities and changes in net position for the fiscal years ended June 30, 2018 and 2017:

Marble Charter School Summary of Activities and Changes in Net Position

	2018	2017
Revenues:		
Per pupil funding	$ 472,393	$ 379,908
Other	163,994	125,709
Total Revenues	636,387	505,617
Expenditures/Expenses:		
Direct instruction	787,244	705,898
Indirect instruction	4,442	4,873
General administration	31,910	31,309
Support services	16,683	16,861
Custodial maintenance	37,248	35,422
Transportation	37,889	33,958
Food service operations	26,169	26,980
Depreciation	38,104	38,106
Total Expenditures/Expenses	979,689	893,407
Change in Net Position	(343,302)	(387,790)
Net Position - Beginning of Year, as previously stated	251,195	638,985
Prior period adjustment	(47,276)	-
Net Position - Beginning of Year, as restated	203,919	638,985
Net Position - End of Year	$ (139,383)	$ 251,195

Governmental Activities: The primary differences between the fund financial statements and the governmental activities relate to capital assets, net other post-employment benefits liability and net pension liability. The School has no debt.

The majority of School's operating revenues are generated from Per Pupil Funding as determined by the School Finance Act of 1994. Per pupil funding is comprised of general fund property taxes, specific ownership taxes, and state equalization as enumerated above.

Financial Analysis of the School's Funds

The School utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the School's governmental funds reported ending fund balances of$178,698, an increase of $60,207 from the prior year ending fund balances.

Budget Variances in the General Fund: The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information on page E1 of the audited financial statements. The most significant budgeted variances are noted as follows:

Account	Final Budget	Actual	Reason
Expenditures/Expenses:			
Direct instruction	466,417	455,951	Conservative budgeting
Support services	32,325	16,683	Conservative budgeting

Capital Assets: The School's capital assets represent the school building itself and a bus. Details are provided in the footnotes.

Long-Term Debt: The School has no long-term debt as of the end of the current fiscal year.

Next Year's Budget and Fund Balance: The School's General Fund's fund balance at the end of the fiscal year totaled $178,698. The subsequent year's budget for fiscal year ended June 30, 2019 is fiscally balanced.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marble Charter School, School Headmaster, 418 West Main St., Marble, Colorado 81623.

GOVERNMENT-WIDE FINANCIAL STATEMENTS/
FUND FINANCIAL STATEMENTS

Marble Charter School
Balance Sheet/Statement of Net Position
June 30, 2018

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	238,311	-	238,311
Capital assets, net of accumulated depreciation	-	1,315,679	1,315,679
Total Assets	238,311	1,315,679	1,553,990
Deferred Outflows of Resources			
Pension related deferred outflow	-	593,978	593,978
Post-employment health benefits related deferred outflow	-	1,924	1,924
Total deferred outflows of resources	-	595,902	595,902
Liabilities:			
Accounts payable	757	-	757
Accrued payroll and related liabilities	58,856	-	58,856
Net pension liability	-	2,039,751	2,039,751
Net post-employment health benefits (OPEB)	-	46,511	46,511
Total Liabilities	59,613	2,086,262	2,145,875
Deferred Inflows of Resources			
Pension related deferred inflow	-	140,578	140,578
Post-employment health benefits related deferred inflow	-	2,822	2,822
Total deferred outflows of resources	-	143,400	143,400
Fund Balances/Net Position:			
Fund balance:			
Reserved for emergencies	19,000	(19,000)	
Assigned	73,269	(73,269)	
Unassigned	86,429	(86,429)	
Total fund balance	178,698	(178,698)	
Total Liabilities and Fund Balance	238,311		
Net Position:			
Investment in capital assets		1,315,679	1,315,679
Restricted for emergencies		19,000	19,000
Unrestricted		(1,474,062)	(1,474,062)
Total Net Position		(139,383)	(139,383)

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

Marble Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2018

	General Fund	Adjustments	Statement of Activities
Revenues:			
Per pupil funding	472,393	-	472,393
Other	163,994	-	163,994
Total Revenues	636,387	-	636,387
Expenditures/Expenses:			
Direct instruction	455,951	331,293	787,244
Indirect instruction	4,442	-	4,442
General administration	16,703	15,207	31,910
Support services	16,683	-	16,683
Custodial maintenance	37,248	-	37,248
Transportation	25,407	12,482	37,889
Food service operations	19,746	6,423	26,169
Depreciation	-	38,104	38,104
Total Expenditures/Expenses	576,180	403,509	979,689
Excess (Deficiency) of Revenues Over Expenditures	60,207	(403,509)	(343,302)
Change in Net Position	60,207	(403,509)	(343,302)
Fund Balance/Net Position:			
Beginning of the Year, as previously stated	118,491		251,195
Prior period adjustment			(47,276)
Beginning of the Year, as restated			203,919
End of the Year	178,698		(139,383)

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Marble Charter School (the "School") is located in Marble, Colorado and is a component unit of Gunnison Watershed School District RE-1J (the "District") with a mission of the students that the School meet or exceed state academic standards in a vibrant and nurturing school community where they are given time and space to discover their passions. The School operates an "other-level" public school serving the educational needs of children in grades kindergarten through 10th grade.

The School operates under a charter from the Gunnison Watershed School District RE-1J.

On June 3, 1993, the Colorado State Legislature passed a statute, known as the Charter School Act (the "Act"), allowing the creation of public, non-sectarian, non-religious, non-home-based schools to operate within a public-school district. The schools, known as charter schools, allow for groups of parents, teachers, and community members to operate a school in a semi-autonomous environment. Under the Act, charter schools operate according to an approved charter application that serves as a contract between the charter school and the District's Board.

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Marble Charter School. The School renewed its contract with District on July 1, 2013 which ran through June 30, 2018. The School subsequently renewed its contract with the District on July 1, 2018 which runs through June 30, 2023.

Charter Schools are financed from a portion of School Finance Act revenues and from revenues generated by the School, within the limits established by the *Charter School Act, CRS Section 22-30-101*. The School contracts with the District for payment of maintenance, insurance, staff training, and other accounting services. The School and the District have entered into an agreement whereby the District funds 100 percent of the School's per pupil funding based on the schools' enrollment, less automatically withheld funding according to *Charter Schools Act 22-30.5-112*, up to five percent to cover central administrative services. During the year ended June 30, 2018 the School received $472,393.

The School operates under an elected Board of Directors and follows state and federal accounting and reporting requirements in compliance with the terms of its approved charter.

The School's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the School are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the School, and (b) organizations for which the School is financially accountable. The School is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the School. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the School. Organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Based on the criteria above, the School is not financially accountable for any other organization. The School is included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. The School's financial transactions are reported on the District's financial statement as a discretely presented component unit.

B. School-wide and Fund Financial Statements

The School's basic financial statements include both School-wide (financial activities of the overall School) and fund financial statements (reporting the School's major funds). Both the School-wide and fund financial statements categorize primary activities as either governmental or business type. The School does not have any business-type activities, only governmental activities. Governmental activities generally are financed through per pupil revenue allocations from the State Department of Education, fees charged for services, intergovernmental revenues, and other non-exchange transactions.

1. School-wide Financial Statements

In the School-wide Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net position is reported in three parts—net investment in capital asset; restricted net position; and unrestricted net position.

The School-wide focus is on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The School reports the following major governmental fund:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the school-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The School fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District’s investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Receivables

No allowance was established at June 30, 2018 as all amounts were considered collectible.

4. Capital Assets

Capital assets, which include buildings and improvements and vehicles, are reported in the school-wide financial statements. The School defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Capital outlay for projects is capitalized as projects are constructed. The School does not capitalize interest on the construction of capital assets.

Buildings and improvements and vehicles are depreciated using the straight-line method over the following estimated useful lives (in years):

Buildings and improvements	50
Vehicles	10

5. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the School's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

6. Pensions

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Defined Benefit Other Post-Employment Benefit (OPEB) Plan

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

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The School has two items that qualify for reporting under this category on the Statement of Net Position, which are the collective deferred outflows of resources related to the School's net pension liability and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension liability or OPEB liability in future periods.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has two items that qualify for reporting in this category. Collective deferred inflows of resources related to the School's net pension liability and OPEB liability are reported on the Statement of Net Position and are amortized over the average service lives of all active and inactive plan members.

See Notes IV (C) and (D) below for discussion on pension and OPEB related deferred outflows and inflows.

9. Fund Balance

The School classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Fund Balance (continued)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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.

II. Reconciliation of School-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the school-wide Statement of Net Position

The governmental fund Balance Sheet/Statement of Net Position includes an adjustment column. Explanations of adjustments included in this column are as follows:

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. The School had capital assets with a total cost of $1,921,496 less accumulated depreciation of $605,817. The net capital assets are accounted for on the Statement of Net Position.

Long-term liabilities, including net pension and other post-employment benefit obligations, are not due and payable with current financial resources and, therefore, are not reported in the funds. This is the amount of the School's long-term liabilities:

Net pension liability	(2,039,751)
Net post-employment health benefits liability	(46,511)
Total	$ (2,086,262)

Changes in pension and post-employment health benefits related actuarial assumptions, proportion of collective amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and post-employment health benefits plans are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members.

II. Reconciliation of School-wide and Fund Financial Statements (continued)

A. Explanation of differences between the governmental fund Balance Sheet and the school-wide Statement of Net Position (continued)

For the year ending June 30, 2018, net pension and post-employment health benefits changes include:

Unamortized pension related deferred outflows	$ 593,978
Unamortized post-employment health benefits related deferred outflows	1,924
Unamortized pension related deferred inflows	(140,578)
Unamortized post-employment health benefits related deferred inflows	(2,822)
	$ 452,502

See Notes IV (C) and (D) below for discussion on pension and post-employment health benefits related deferred outflows and inflows.

B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the school-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/school-wide Statement of Activities includes an adjustment column. Explanations of adjustments included in this column are as follows:

Governmental funds report capital outlays as expenditures which increase capital assets in the Statement of Net Position. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of depreciation expense reported as an expenditure in the governmental activities' functions was $38,104.

Changes in the School's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The School's net pension obligation changed $365,272 during the year, which includes differences between School's contributions to the pension plan and amortization of pension-related deferrals.

Changes in the School's net post-employment health benefits obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The School's net post-employment health benefits obligation changed $133 during the year, which includes differences between School's contributions to the plan and amortization of post-employment health benefits related deferrals.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the School followed the required timetable noted below in preparing, approving, and enacting its budget for 2018.

1. The proposed budget was submitted to the School Board and the District's Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The District's Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30 along with an appropriation resolution.

During the year supplemental appropriation ordinances were approved as follows:

Original Appropriation	Final Appropriation	Change
529,730	603,868	74,138

B. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended 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 that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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 fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The School has reserved a portion of its June 30, 2018, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of $19,000.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)

The School's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits and Investments

The School's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the School's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA.

The deposits held by the School at June 30, 2018, were as follows:

			Maturities	
	Standard and Poors Rating	Carrying Amounts	Less than One Year	One to Five Years
Deposits:				
Checking / MM	Not rated	$ 238,311	$ 238,311	$ -
		$ 238,311	$ 238,311	$ -

The School has addressed the following risks as noted:

Credit Risk – State law specifies instruments in which local governments may invest including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper among other items. The School's policy is to restrict investments to only those permitted by state statute.

IV. Detailed Notes on all Funds (continued)

B. Capital Assets

The School's capital assets as of June 30, 2018 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and Building improvements	$ 1,838,314	$ -	$ -	$ 1,838,314
Vehicles	83,182	-	-	83,182
Total capital assets, being depreciated	1,921,496	-	-	1,921,496
Less accumulated depreciation for:				
Buildings and Building improvements	(551,077)	(29,786)	-	(580,863)
Vehicles	(16,636)	(8,318)	-	(24,954)
Total accumulated depreciation	(567,713)	(38,104)	-	(605,817)
Total Capital Assets, Net	$ 1,353,783	$ (38,104)	$ -	$ 1,315,679

The School has not allocated its depreciation expense of $38,104 to governmental functions/programs of the School for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of $2,039,751 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The School's proportion of the net pension liability was based on School contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School proportion was 0.00631% as compared to its proportion of 0.00662% measured as of December 31, 2016.

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the School recognized pension expense of $99,823. At June 30, 2018, the 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	$ 37,505	$ -
Changes in actuarial assumptions	520,824	3,305
Net difference between projected and actual earnings on pension plan investments	-	80,103
Changes in proportionate share of contributions	3,577	57,170
Difference between actual and reported contributions recognized	113	-
Contributions subsequent to the measurement date	31,959	-
	$ 593,978	$ 140,578

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	296,673
2020	160,099
2021	(5,196)
2022	(30,135)
	421,441

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

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

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

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 20116, Board meeting.

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

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

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

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

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

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (5.78 percent):

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Collective net pension liability	$ 40,846,431,000	$ 32,336,446,000	$25,401,780,000
Proportionate share of net pension liability	$ 2,576,554	$ 2,039,751	$ 1,602,320

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

Changes between the measurement date of the net pension liability and June 30, 2018. During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. This bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plan administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provision required by SC 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

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

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2018, the School reported a liability of $2,039,751 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the School's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Estimated Collective Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
Collective Net Pension Liability	7.25%	$ 14,609,326,000
Proportionate Share of Net Pension Liability	7.25%	921,542

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately $952,171 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2018, the School reported a liability of $46,511 for its proportionate share of Other Post-Employment Benefits ("OPEB") of the Health Care Trust Fund ("HCTF"). The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The School's proportion of the net OPEB liability was based on School contributions to the Health Care Trust Fund ("HCTF"). for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the School proportion was 0.00358% as compared to its proportion of 0.00376% measured as of December 31, 2016.

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

For the year ended June 30, 2018, the School recognized other post-employment benefit expense of $133. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 220	$ -
Net difference between projected and actual earnings on pension plan investments	-	778
Changes in proportionate share of contributions	-	1,967
Difference between actual and reported contributions recognized	-	77
Contributions subsequent to the measurement date	1,704	-
	$ 1,924	$ 2,822

Contributions subsequent to the measurement date of December 31, 2017, which are reported as deferred outflows of resources related to OPEB, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	(553)
2020	(553)
2021	(553)
2022	(553)
2023	(358)
2024	(32)
	(2,602)

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

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

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

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

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

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

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

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

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

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

	1% Decrease in Trend Rates	**Current Trend Rates**	**1% Increase in Trend Rates**
PERA Care Medicare Trent Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend	3.25%	4.25%	5.25%
Collective Net OPEB Liability	1,263,843,000	1,299,600,000	1,342,667,000
Proportionate Share of Net OPEB Liability	45,231	46,511	48,052

IV. Detailed Notes on all Funds (continued)

D. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	$ 1,461,159,000	$ 1,299,600,000	$ 1,161,705,000
Proportionate share of net pension liability	$ 52,292	$ 46,511	$ 41,575

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

V. Other Information

A. Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

As of December 31, 2017, Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007, receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

Contributions. Eligible employees and the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute eight percent (8.0%) of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $59,093 for the year ended June 30, 2018.

V. Other Information (continued)

B. Postemployment Healthcare Benefits

Plan Description. The School contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure, and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, o further subsidy is paid.

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

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

V. Other Information (continued)

B. Postemployment Healthcare Benefits (continued)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $3,190 for the year ended June 30, 2018.

C. Defined Contribution Pension Plan

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

V. Other Information (continued)

C. Defined Contribution Pension Plan (continued)

Funding Policy. 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. There were no 401(k) Plan member contributions from the School for the years ended June 30, 2018, 2017, and 2016.

D. Risk Management

Risk of Loss. The School is exposed to various risks of loss related to workers' compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The School carries commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Pupil Count. Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute(s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The School believes its pupil count information is accurate and any adjustment would not be material.

E. Subsequent Events

Management has evaluated subsequent events through Date TBD the date these financial statements were available to be issued.

F. Restatement of Net Position

In 2018, the School implemented Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, requires employers to recognize their long-term obligation for OPEB as a liability and OPEB related deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. As such, the School's 2018 financial statements report a restatement of net position on the Statement of Activities of $47,276 which was the net amount of the School's long-term obligation of $48,754 and deferred outflows of resources of $1,478 related to OPEB benefits at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Marble Charter School
Statement of Revenues and Expenditures
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Per pupil funding	417,006	459,328	472,393	13,065	379,908
Other	120,324	138,589	163,994	25,405	125,709
Total Revenues	537,330	597,917	636,387	38,470	505,617
Expenditures/Expenses:					
Direct instruction	398,098	466,417	455,951	10,466	396,823
Indirect instruction	5,000	5,000	4,442	558	4,873
General administration	18,178	17,940	16,703	1,237	16,122
Support services	32,025	32,325	16,683	15,642	16,861
Custodial maintenance	36,780	36,580	37,248	(668)	35,422
Transportation	22,853	24,811	25,407	(596)	22,846
Food service operations	16,796	20,796	19,746	1,050	20,487
Total Expenditures/Expenses	529,730	603,869	576,180	27,689	513,434
Excess (Deficiency) of Revenues Over Expenditures	7,600	(5,952)	60,207	66,159	(7,817)
Change in Net Position	7,600	(5,952)	60,207	66,159	(7,817)
Fund Balance/Net Position:					
Beginning of the Year			118,491		126,308
End of the Year			178,698		118,491

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

Marble Charter School
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.00631%	0.00662%	0.00691%	0.00675%	0.00599%
School's proportionate share of the net pension liability	2,039,751	1,969,685	1,056,244	914,545	741,863
School's covered payroll	$ 290,531	$ 285,799	$ 298,816	$ 297,665	$ 242,335
School's proportionate share of the net pension liability as a percentage of its covered payroll	702%	689%	353%	307%	306%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.20%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

Marble Charter School
Schedule of School Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	2018	2017	2016	2015	2014
Contractually required contribution	$ 59,093	$ 53,831	$ 52,158	$ 46,445	$ 37,492
Contributions in relation to the contractually required contribution	$ (59,093)	$ (53,831)	$ (52,158)	$ (46,445)	$ (37,492)
School's covered payroll	$ 312,708	$ 285,799	$ 298,816	$ 297,665	$ 242,335
Contributions as a percentage of covered payroll	18.90%	18.84%	17.45%	15.60%	15.47%

* Information is only available beginning in fiscal year 2014.

Marble Charter School
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2018	2017
School's proportion of the net OPEB liability	0.00358%	0.00376%
School's proportionate share of the net OPEB liability	46,511	48,754
School's covered-employee payroll	$ 290,531	$ 285,799
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

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

Marble Charter School
Schedule of School OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

	2018	2017
Contractually required contribution	$ 3,190	$ 3,096
Contributions in relation to the contractually required contribution	$ (3,190)	$ (3,096)
School's covered-employee payroll	$ 312,708	$ 285,799
Contributions as a percentage of covered-employee payroll	1.02%	1.08%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes to Assumptions or Other Inputs

1. Changes Since the December 31, 2016 Actuarial Valuation are as Follows:

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent 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 percent on the prior measurement date to 3.43 percent on the measurement date.

2. Changes Since the December 31, 2015 Actuarial Valuation are as Follows:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent 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 percent factor applied to male rates and a 55 percent factor applied to female rates.
- 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 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the School Division Trust Fund was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate

3. Changes Since the December 31, 2014 Actuarial Valuation are as Follows:

- 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 annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

I. Schedule of Employer's Proportionate Share of the Net Pension Liability (continued)

A. Changes to Assumptions or Other Inputs (continued)

3. Changes Since the December 31, 2014 Actuarial Valuation are as Follows (continued):

- 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 unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

II. Notes to the Schedule of School Pension Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

III. Schedule of the Employer's Proportionate Share of the OPEB Liability

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

II. Notes to the Schedule of School OPEB Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

Colorado Department of Education

Charter School Auditor's Integrity Report
Colorado School District/BOCES
District: 1360 - GUNNISON WATERSHED RE1J
Fiscal Year 2017-18

Revenues, Expenditures, & Fund Balance by Location and Fund

Location (900- 969): 901

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001 - 0999 Total Expenditures & Other Uses -	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	472,393	-472,393	0	0
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	472,393	-472,393	0	0
11 Charter School Fund	118,491	636,387	576,181	178,696
20,26-29 Special Revenue Fund	53,564	0	53,564	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
Totals	644,447	163,994	629,745	178,696
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.