MONUMENT ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

MONUMENT ACADEMY CHARTER SCHOOL
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YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Monument Academy Charter School
Monument, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monument Academy Charter School, a component unit of Lewis-Palmer School District #38, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monument Academy Charter School as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and Other Post Employment Benefits (OPEB) information on pages 4-9 and 47-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monument Academy Charter School's basic financial statements. The Schedule of Changes in Assets and Liabilities – Pupil Activity Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities – Pupil Activity Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Assets and Liabilities – Pupil Activity Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Monument Academy Charter School

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of Monument Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monument Academy's Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monument Academy Charter School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
October 1, 2020

As management of the Monument Academy Charter School, we offer readers of the Monument Academy Charter School's (the School) financial statements this narrative overview and analysis of the financial activities of Monument Academy Charter School for the fiscal year ended June 30, 2020.

Financial Highlights

The assets and deferred outflows of resources of the Monument Academy Charter School were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $16,739,175 (deficit in net position). Due to the requirement that charter schools and districts report their proportionate share of PERA's pension liability, and OPEB liability, liabilities include $9,997,346 of net pension liability and $491,598 of net OPEB liabilities.

At the close of the fiscal year, Monument Academy Charter School's governmental funds reported a combined ending fund balance of $11,319,798.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Monument Academy Charter School's basic financial statements. Monument Academy Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents information on all of the Monument Academy Charter School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Also, due to the requirement that charter schools and districts report their proportionate share of PERA's pension liability, $9,997,346, and OPEB liability, $491,598.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Monument Academy Charter School is improving or deteriorating. The net position is, however, negatively impacted by the net pension liability and depreciation.

The statement of activities presents information showing how the Monument Academy Charter 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 during future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

The government-wide statement of activities distinguishes functions/programs of the Monument Academy Charter School supported primarily by per pupil revenue (PPR). The governmental activities of the Monument Academy Charter School include instruction, supporting services expense, and interest on long-term debt.

The government-wide financial statements can be found on pages 10-11 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. Monument Academy Charter School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Monument Academy Charter School are included in the following categories: governmental funds and fiduciary funds.

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

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

Monument Academy Charter School maintains four individual governmental funds, the General Fund, Special Revenue Fund, Preschool Fund, and Foundation Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Preschool Fund, and Foundation Fund as they are considered major funds.

Monument Academy Charter School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund, Special Revenue Fund and Preschool Fund, to demonstrate compliance with the budget.

Special Revenue Fund: The Monument Academy Building Corporation (the Corporation) is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Monument Academy Charter School for governmental use. The Corporation provides services entirely to Monument Academy Charter School. Due to this relationship, the Corporation is reported as if it were part of or blended with Monument Academy Charter School's operations as a Special Revenue Fund.

Preschool Fund: The Preschool Fund is the fund, which accounts for preschool tuition revenue and preschool instruction expenditures.

Foundation Fund: The Foundation fund is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Monument Academy Charter School for governmental use. This fund is currently used to account for the transactions relating to construction of a new high school. The Foundation provides services entirely to Monument Academy Charter School. Due to this relationship, the Foundation is reported as if it were part of or blended with Monument Academy Charter School's operations as a Special Revenue Fund.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 17-46.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Monument Academy Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $16,739,175 at the close of the most recent fiscal year. The overall impact of the inclusion of the net pension liability, net OPEB liability, and related deferred outflows and deferred inflows is a reduction of net position of $17,254,526.

Monument Academy Charter School's Net Position

	Governmental Activities	
	2020	2019
Assets:		
Current and Other Assets	$ 14,633,447	$ 4,285,171
Capital Assets	29,552,328	9,697,186
Deferred Outflows of Resources Related to Refunding	1,681,666	1,768,033
Deferred Outflows of Resources Related to Pension	1,359,260	4,406,094
Deferred Outflows of Resources Related to OPEB	49,434	59,724
Total Assets and Deferred Outflows of Resources	47,276,135	20,216,208
Liabilities:		
Current	3,987,457	1,268,223
Long-term Liabilities	51,853,577	26,028,382
Deferred Inflows of Resources Related to Pension	8,033,864	10,480,461
Deferred Inflows of Resources Related to OPEB	140,412	30,649
Total Liabilities and Deferred Inflows of Resources	64,015,310	37,807,715
Net Position:		
Net Investment in Capital Assets	(3,629,919)	(832,135)
Restricted	8,451,201	682,863
Unrestricted	(21,560,457)	(17,442,235)
Total Net Position	$ (16,739,175)	$ (17,591,507)

The largest portion of the School's assets is capital assets (67%), less accumulated depreciation.The School's overall net position increased by $852,332 during the fiscal year, this includes current year depreciation expense of $345,527 and reduction of estimated long-term pension expense of $1,944,797 based on changes in the actuarial calculation of the net pension liability.

Monument Academy Charter School's Change in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for Service	$ 400,565	$ 479,760
Operating Grant and Contributions	185,840	75,083
Capital Grant and Contributions	247,758	271,373
General Revenue:		
Per Pupil Revenue	7,178,120	6,985,586
Mill Levy Override	499,748	-
Interest Earnings	382,471	52,280
Other	1,382	474,837
Total Revenues	8,895,884	8,338,919
Expenses:		
Governmental Activities:		
Instruction	2,822,359	3,665,896
Supporting Services	2,470,936	2,730,634
Interest Expense	2,750,257	601,224
Total Expenses	8,043,552	6,997,754
Total Change in Net Position	852,332	1,341,165
Net Position - Beginning of Year	(17,591,507)	(18,932,672)
Net Position - End of Year	$ (16,739,175)	$ (17,591,507)

Per pupil funding passed through to the School by the District increased due to an increase in the State funding received per student. The number of students was generally consistent with the prior year. Instruction expenses decreased based on the decrease in the actuarially calculated net pension liability from the previous year. Interest expense increased based on interest and fiscal charges relating to the issuance of debt in the Foundation Fund during the current year.

General Fund

Unassigned fund balance for the General Fund at the end of the fiscal year is $2,569,180; total fund balance for the General Fund is $2,817,532. Total revenues in the General Fund during fiscal year 2019-2020 were $8,367,425 with $7,847,502 (94%) related to Per Pupil Revenue (PPR). Expenditures were $7,671,987 in fiscal year 2019-2020 compared to expenditures and transfers out of $7,420,781 in fiscal year 2018-2019. The increase in expenditures is primarily due to increased administrative charges from the District as well as an increase in building repair and maintenance costs.

General Fund Budgetary Highlights

The School approves a preliminary budget no later than April 15th based on enrollment projections for the following year. Adjustments are made to the original budget after the official student count of October 1st. The School approves an amended and/or supplemental budget during the year to true up the beginning fund balance and reflect adjustment, including the adjustment to the actual student count.

Actual revenues exceeded final budgeted revenues by $134,971. Actual expenditures, including transfers out, were below the appropriated amount by $560,467.

Capital Asset and Debt Administration

Capital Assets: Including the building and land of the School, capital assets net of accumulated depreciation was $29,552,328 in fiscal year 2019-2020 compared to $9,580,370. The increase is primarily related to $18,621,688 in construction in process relating to construction of a new high school. See Note 3 for additional information.

Long-term Lease: During December 2014, the School entered into a refunding transaction whereby the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,265,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the School to construct the education facilities used by the School. The School is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The School is required to make loan payments to the Trustee, for the payment of the bonds. The bonds accrue interest at rates ranging from 2% to 5% per annum. Interest payments are due semi-annually on April 1st and October 1st. Principal payments are due annually on October 1st.

During July 2019, the Public Finance Authority issued its Education Revenue Bonds (Monument Academy Foundation Project) as Series 2019A and 2019B, in the amount of $28,950,000. The bonds were used for the Foundation Fund's capital expenditures relating to the construction of a new high school and to fund a debt reserve fund, to pay the initial interest payments of the Series 2019A and 2019B bonds, and to pay for the cost of issuance of the Series 2019A and 2019B bonds. The Public Finance Authority and Foundation have entered into a loan agreement wherein the proceeds of the Public Finance Authority bonds have been loaned to the Foundation. The bonds accrue interest at rates ranging from 5% to 6.75% per annum. Interest payments are due semi-annually on June 1st and December 1st. Principal payments are due annually beginning on June 1, 2023 with the final payment due on June 1, 2026. See Note 5 and 6 for additional information on the School's long-term liabilities.

Economic Factors and Next Year's Budget

Monument Academy Charter School has set a goal of making in-person learning safe and healthy for all students and staff, while simultaneously providing the same quality education to those choosing a remote option. With this goal in mind Management continually reviews the adopted budget as new information regarding Colorado's K-12 budget becomes available. The COVID-19 economic impact reduced state revenue for K-12 education by approximately 5% from fiscal year 2019.

Monument Academy took steps during the Spring of 2020 to mitigate the pending impact of the COVID-19 economic downturn. A planned 3% salary increase for all staff effective for fiscal year 2020-2021, was placed on hold. The shift from in person learning to online learning in the Spring of 2020 led to a reduction in some expenditures that would have normally occurred during the school year. In June of 2020 Monument Academy received its share of the Coronavirus Relief Funds (CRF) from the education funding stream provided by the CARES Act. Monument Academy utilized a portion of the funds during fiscal year 2019-2020 to cover necessary processes needed to safely reopen the school for the 2020-2021 school year. The Coronavirus Relief Funds will be used to cover allowable expenses. Monument Academy anticipates using a portion of its reserves to help offset the shortfall for the year, while continuing to meet bond obligations and complying with covenants.

The economic outlook changes daily based on the continued impact of COVID-19. Several factors such as infection rates, closures and public health concerns will drive decisions made by government leaders. These decisions will have economic impacts that may require changes in planning and budgeting. Monument Academy Leadership will continue to access these impacts and work to achieve its goals of providing a safe and healthy learning environment for all students and staff, while being fiscally responsible.

Requests for Information

This financial report is designed to provide a general overview of Monument Academy Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Monument Academy Charter School, 1150 Village Ridge Pt, Monument, Colorado 80132.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and Investments	$ 3,817,420
Restricted Cash and Investments:	10,733,853
Accounts Receivable	82,174
Capital Assets, Nondepreciable	21,003,691
Capital Assets, Net of Accumulated Depreciation	8,548,637
Total Assets	44,185,775
DEFERRED OUTFLOWS OF RESOURCES	
Related to Refunding	1,681,666
Related to Pension	1,359,260
Related to OPEB	49,434
Total Deferred Outflows of Resources	3,090,360
LIABILITIES	
Accounts Payable	2,390,822
Accrued Salaries and Benefits	581,979
Accrued Interest Payable	243,081
Unearned Revenue	340,848
Noncurrent Liabilities:	
Due in Less Than One Year	430,727
Due in More Than One Year	41,364,633
Net Pension Liability	9,997,346
Net OPEB Liability	491,598
Total Liabilities	55,841,034
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	8,033,864
Related to OPEB	140,412
Total Deferred Inflows of Resources	8,174,276
NET POSITION	
Net Investment in Capital Assets	(3,629,919)
Restricted for:	
TABOR	248,352
Capital Projects	3,558,314
Debt Service	4,524,535
Repairs and Replacement	120,000
Unrestricted	(21,560,457)
Total Net Position	$ (16,739,175)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 2,822,359	$ 400,565	$ 185,840	$ 247,758	$ (1,988,196)
Supporting Services	2,470,936	-	-	-	(2,470,936)
Interest on Long-Term Debt	2,750,257	-	-	-	(2,750,257)
Total Governmental Activities	$ 8,043,552	$ 400,565	$ 185,840	$ 247,758	(7,209,389)
GENERAL REVENUES					
Per Pupil Revenue					7,178,120
Mill Levy Override					499,748
Investment Earnings					382,471
Other					1,382
Total General Revenues					8,061,721
CHANGE IN NET POSITION					852,332
Net Position - Beginning of Year					(17,591,507)
NET POSITION - END OF YEAR					$ (16,739,175)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Building Corporation	Preschool Fund	Foundation Fund	Total
ASSETS					
Cash and Investments	$ 3,815,662	$ -	$ -	$ 1,758	$ 3,817,420
Restricted Cash and Investments	-	1,543,177	-	9,190,676	10,733,853
Accounts Receivable	82,174	-	-	-	82,174
Due from Other Funds	-	-	109,780	-	109,780
Total Assets	$ 3,897,836	$ 1,543,177	$ 109,780	$ 9,192,434	$ 14,743,227
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 102,899	$ -	$ -	$ 2,287,923	$ 2,390,822
Accrued Salaries and Benefits	553,547	-	28,432	-	581,979
Unearned Revenues	314,078	-	26,770	-	340,848
Due to Other Funds	109,780	-	-	-	109,780
Total Liabilities	1,080,304	-	55,202	2,287,923	3,423,429
FUND BALANCES					
Nonspendable					
Prepaid Items	-	-	-	-	-
Restricted for:					
TABOR	248,352	-	-	-	248,352
Capital Projects	-	-	-	3,558,314	3,558,314
Debt Service	-	1,423,177	-	3,344,439	4,767,616
Repairs and Replacement	-	120,000	-	-	120,000
Preschool	-	-	54,578	-	54,578
Assigned for:					
Capital Projects	-	-	-	1,758	1,758
Unassigned	2,569,180	-	-	-	2,569,180
Total Fund Balances	2,817,532	1,543,177	54,578	6,904,511	11,319,798

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Fund Balances - Total Governmental Funds	$ 11,319,798
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	29,552,328
Long-term liabilities, including capital leases and loans payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Building Loans	(41,460,000)
Premium on Loan Payable	(306,666)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period.	(243,081)
Net Pension Liability	(9,997,346)
Net OPEB Liability	(491,598)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Pension Related Items	1,359,260
OPEB Related Items	49,434
Deferred Loss on Bond Refunding	1,681,666
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Pension Related Items	(8,033,864)
OPEB Related Items	(140,412)
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(28,694)
Net Position in Governmental Activities	$ (16,739,175)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General	Building Corporation	Preschool Fund	Foundation Fund	Total
REVENUES					
Local Sources	$ 7,847,502	$ -	$ -	$ -	$ 7,847,502
State Sources	368,728	-	-	-	368,728
Federal Sources	116,452	-	-	-	116,452
Investment Income	33,361	15,277	-	333,833	382,471
Other	1,382	928,187	235,281	-	1,164,850
Total Revenues	8,367,425	943,464	235,281	333,833	9,880,003
EXPENDITURES					
Current:					
Instruction	3,689,475	-	198,202	-	3,887,677
Support Services	3,982,512	-	3,997	48,083	4,034,592
Capital Outlay	-	-	-	20,168,348	20,168,348
Debt Service:					
Principal Payments	-	400,000	-	-	400,000
Interest and Fiscal Charges	-	520,938	-	2,047,833	2,568,771
Total Expenditures	7,671,987	920,938	202,199	22,264,264	31,059,388
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	695,438	22,526	33,082	(21,930,431)	(21,179,385)
OTHER FINANCING SOURCES					
Proceeds from Debt Issuance	-	-	-	28,950,000	28,950,000
Total Other Financing Sources	-	-	-	28,950,000	28,950,000
NET CHANGE IN FUND BALANCES	695,438	22,526	33,082	7,019,569	7,770,615
Fund Balances - Beginning of Year	2,122,094	1,520,651	21,496	(115,058)	3,549,183
FUND BALANCES - END OF YEAR	$ 2,817,532	$ 1,543,177	$ 54,578	$ 6,904,511	$ 11,319,798

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balances - Total Governmental Funds	$ 7,770,615
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which	
Capital Outlay	20,200,669
Depreciation Expense	(345,527)
The issuance of long-term debt provides current financial resources to funds but increases long-term liabilities in the statement of net position. Repayment of the principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Proceeds from Issuance of Long-term Debt	(28,950,000)
Principal Payments	400,000
Amortization of Premiums	15,727
Amortization Loss on Refunding	(86,367)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:	
Accrued Interest Payable	(110,846)
Compensated Absences	(1,500)
Pension Expense	1,944,797
OPEB Expense	14,764
Governmental Activities Change in Net Position	$ 852,332

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
JUNE 30, 2020

		Pupil Activity Fund
ASSETS		
Cash and Investments	$	81,477
Total Assets	$	81,477
LIABILITIES		
Due to Student Groups	$	81,477
Total Liabilities	$	81,477

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of Monument Academy Charter School's (the School) significant accounting policies consistently applied in the preparation of these financial statements follows:

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

> The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

The School has been determined to be a component unit of Lewis-Palmer #38 School District (the District).

For financial reporting purposes, in conformance with GASB, the School includes all funds, agencies, boards, and commissions that are controlled by or dependent on its Board of Directors. Control by or dependence on the School was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the School, obligation of the School to finance any debts that may occur, or receipt of significant subsidies from the School.

The School has two affiliated finance corporations that were formed to provide facilities, equipment, and other support to the School.

Blended Component Units

The School includes the Monument Academy Building Corporation (the Corporation) within its reporting entity. The Corporation was formed to hold title to property and facilitate the operations of the School and support other organizations, projects, and initiatives that are organized and operated for similar purposes. The Corporation is blended into the School's financial statements as a special revenue fund. The Corporation does not issue separate financial statements. The Foundation was formed to hold title to property and facilitate the operations of the School and support other organizations, projects, and initiatives that are organized and operated for similar purposes. The Foundation is blended into the School's financial statements as a special revenue fund. The Foundation does not issue separate financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements.

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

Fund Financial Statements

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

Major Governmental Funds

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

Building Corporation – The Building Corporation is a Special Revenue Fund which accounts for the debt payments, interest revenue, and repair and maintenance expenditures for the building.

Preschool Fund – The Preschool Fund is the fund, which accounts for preschool tuition revenue and preschool instruction expenditures.

Foundation Fund – The Foundation Fund is the fund which accounts for the debt payments, interest revenue, and expenditures incurred for the construction and maintenance of a new high school.

Fiduciary Fund – The Pupil Activity Fund is an agency fund used to record financial transactions related to School-sponsored organizations and activities. These activities are self-supporting and do not receive any direct or indirect School support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end. For this purpose, the School considers grant revenues and other revenues to be available if they are collected within 60 days of year-end.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred inflows of resources account is established when receipts exceed the related expenditures.

Expenditures are recorded when incurred with the exception of the loan payables and certain accrued sick and personal pay, which are accounted for as expenditures when due.

The School’s agency fund applies the accrual basis of accounting, but does not have a measurement focus.

Investments

Investments in money markets and an external investment pool are reported at amortized cost.

Capital Assets

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

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental funds are sold, the proceeds of the sale are recorded as revenues in the appropriate fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The monetary threshold for capitalization of assets is $5,000. The School's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets.

Depreciation of all capital assets is charged as an expense against operations.

Estimated useful lives are:

Buildings and improvements	10 - 40 years
Equipment	10 years

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School reports deferred outflows of resources relating to its loss on bond refunding. See Note 5 for additional information on outstanding principal relating to defeased bonds. The school also reports deferred outflows of resources relating to its proportionate share of the net pension liability and OPEB liability. See Note 7 and 8 for additional information.

Premiums

Premiums are being amortized over the terms of the loan using the straight-line method.

Compensated Absences

School policy allows eligible employees to carry forward a maximum number of unused temporary leave days to be used in the following year. Twelve-month administrative and salaried employees, employed by the School for at least five years, may carry forward 60 vacation days. The School policy states that it will pay up to 10 days of unused leave in excess of the 60 days at the following rates: Exempt employees at $50 per day; Nonexempt employees at 25% of their current hourly rate.

Upon resignation, departing employees with 10 continuous years of full-time service will be paid for up to 30 days of accrued vacation at the rates outlined above. Departing employees with 15 years of continuous full-time service will be paid for up to 60 days of accrued vacation at the rates outlined above.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2020. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. Beginning on July 1, 2018, the State of Colorado is required to make a payment to PERA each year equal to $225 million. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division Trust Funds of PERA, as as proportionate to the annual payroll of each division. This annual payment is required on July 1st of each year thereafter until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the School by the State of Colorado has been recorded in the fund financial statements.

Net OPEB Liability

The School's governmental activities report a net OPEB liability as of June 30, 2020. The School is required to report its proportionate share of PERA's unfunded OPEB liability. See Note 8 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School reports deferred inflows of resources relation to its proportionate share of the net pension liability and OPEB liability. See Note 7 and 8 for additional information.

Net Position/Fund Balance

Fund balances are reported in classifications based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, and 5) unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions. Committed fund balance is the portion that is limited in use by the Board of Directors. Formal Board action is required to remove or adjust this limitation. Assigned fund balances include amounts that are subject to a purpose constraint that represents an intended use, but does not meet the criteria to be classified as restricted or committed. Unassigned fund balance for the general fund represents the net resources in excess of the prior classifications. For all classifications of fund balance, the School considers the amount spent when an expenditure is incurred when fund balance is available and can be used.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Net Position is classified in the accompanying financial statements as follows:

Net investment in capital assets represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such as amounts are not included as a component of net investment in capital assets

Restricted Net Position reflects resources that are subject to externally enforceable legal restrictions.

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

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9). $248,352 of the fund balance and net position have been restricted in compliance with this requirement. Debt service, additional capital projects, repairs and replacement restrictions have been provided for as required by the building loan agreements (see Note 2 for restricted cash and Note 5 for the building loan). As of June 30, 2020, $8,445,930 of fund balance have been restricted relating to these items. As of June 30, 2020, $54,578 is restricted relating to funding requirements in the Preschool Fund.

Interfund Activity

Receivables and payables between individual funds are classified in the fund financial statements as *due to* and *due from*. These items result from reimbursements required relating to one fund paying for expenditures of another fund for administrative convenience.

Budgets and Budgetary Accounting

Budgets are legally adopted for the General and Special Revenue Funds of the School on a basis consistent with generally accepted accounting principles (GAAP).

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- By April 13, management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- By April 14, the budget is adopted by the Board of Directors.
- By April 15, the adopted budget is submitted to the District.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors
- All budgets lapse at fiscal year-end

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

Colorado Budget Law requires that 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. The School did not formally adopt a fiscal year 2020 budget for the Foundation fund. See Note 12 for more information.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash and investments are reflected on the June 30, 2020 statement of net position as the following:

Cash and Investments per the Government-wide Statement of Net Position	
Cash and Investments	$ 3,817,420
Restricted Cash and Investments	10,733,853
Cash and Investments per the Fiduciary Statement of Assets and Liabilities	
Agency Fund	81,477
	$ 14,632,750

Cash Deposits	$ 3,898,897
Investments	10,733,853
	$ 14,632,750

Cash Deposits

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

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2020, the School had deposits with financial institutions with a carrying amount of $3,844,619, including the fiduciary fund.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

Colorado statutes specify in which investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Colorado revised statutes, generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local governments, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of June 30, 2020, the School had the following investments:

Investment	Maturity Less Than One Year	Maturity 1 - 5 Years	Maturity 6-10 Years	Standard & Poor's Rating	Total	Concentration
CSAFE	$ 9,190,675	$ -	$ -	AAAm	$ 9,190,675	85.6%
Cavanal Hill						
Money Market	1,543,178	-	-	AAAm	1,543,178	14.4%
Total	$ 10,733,853	$ -	$ -		$ 10,733,853	100.0%

At June 30, 2020, the School had $9,190,675 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE is rated AAAm by Standard & Poor's. Investments of CSAFE are limited to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value of $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. CSAFE records investments at amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

The School had invested $1,543,178 in money market accounts with Bank of Arizona. A designated custodial bank provides safekeeping and depository services in connection with these money market accounts. Money market investments are measured at amortized cost.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk

State law does not limit investment to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments including bank obligation, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Restricted Cash and Investments

Cash and investments in the amount of $1,543,177 is restricted in the Building Corporation Fund for debt service requirements. This balance is made up of accounts set up for the payment of principal and interest with a balance of $491,035. A second account is made up of a bond reserve requirement that has a balance of $932,142. Another account is made up of a reserve for repairs and maintenance that has a balance of $120,000.

Cash and investments in the amount of $9,190,675 is restricted in the Foundation Fund for capital project expenditures and debt service requirements. The remaining debt proceeds available for future capital project expenditures total $5,846,237. An account for the bond reserve requirement has a balance of $921,284. An account for future interest payments has a balance of $2,423,155

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Non-Depreciable Assets				
Construction in Process	$ 116,816	$ 18,621,688	$ -	$ 18,738,504
Land	718,527	1,546,660	-	2,265,187
Total Non-Depreciable Assets	718,527	20,168,348	-	21,003,691
Depreciable Assets				
Buildings and Improvements	12,261,192	32,321	-	12,293,513
Equipment	21,319	-	-	21,319
Total Depreciable Assets	12,282,511	32,321	-	12,314,832
Less Accumulated Depreciation				
Buildings and Improvements	(3,400,024)	(344,198)	-	(3,744,222)
Equipment	(20,644)	(1,329)	-	(21,973)
Total Accumulated Depreciation	(3,420,668)	(345,527)	-	(3,766,195)
Total Capital Assets, Net	$ 9,580,370	$ 19,855,142	$ -	$ 29,552,328

Depreciation expense in the amount of $345,527 was charged to instructional expense.

NOTE 4 ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a 12-month period from September to August, but are earned during a School year of approximately 10 to 11 months. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 5 LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2020 were as follows:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Governmental Activities					
Compensated Absences	$ 27,194	$ 47,863	$ 46,363	$ 28,694	$ -
Building Loans - Series 2014	12,910,000	-	400,000	12,510,000	415,000
Series 2014 Premium	322,393	-	15,727	306,666	15,727
Building Loans - Series 2019	-	28,950,000	-	28,950,000	-
Total	$ 13,259,587	$ 28,997,863	$ 462,090	$ 41,795,360	$ 430,727

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

During December 2014, the School entered into a refunding transaction whereby the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,265,000 Charter School Revenue Bonds Series 2014. The School is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The School is required to make loan payments to the Trustee, for the payment of the bonds. The bonds accrue interest at rates ranging from 3.625% to 5.00% per annum. Interest payments are due semi-annually on April 1st and October 1st. Principal payments are due annually on October 1.

The lease revenues, which are the basis of the pledged revenues, are described in Note 6. The lease revenue over the remaining term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, $19,525,799. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was $928,187 for the year ended June 30, 2020.

The following schedule reflects the debt service requirements to maturity of the Series 2014 debt as of June 30, 2020:

Year Ended June 30,	Principal	Interest	Total
2021	$ 415,000	$ 504,638	$ 919,638
2022	435,000	487,638	922,638
2023	450,000	469,938	919,938
2024	470,000	451,538	921,538
2025	490,000	432,338	922,338
2026-2030	2,745,000	1,850,680	4,595,680
2031-2035	3,365,000	1,206,625	4,571,625
2036-2040	4,140,000	427,000	4,567,000
Total	$ 12,510,000	$ 5,830,395	$ 18,340,395

During July 2019, the Public Finance Authority issued its Education Revenue Bonds (Monument Academy Foundation Project) as Series 2019A and 2019B, in the amount of $28,950,000. The bonds were used for the Foundation Fund's capital expenditures relating to the construction of a new high school and to fund a debt reserve fund, to pay the initial interest payments of the Series 2019A and 2019B bonds, and to pay for the cost of issuance of the Series 2019A and 2019B bonds. The Public Finance Authority and Foundation have entered into a loan agreement wherein the proceeds of the Public Finance Authority bonds have been loaned to the Foundation. The bonds accrue interest at rates ranging from 5% to 6.75% per annum. Interest payments are due semi-annually on June 1st and December 1st. Principal payments are due annually beginning on June 1, 2023 with the final payment due on June 1, 2026.

The lease revenues, which are the basis of the pledged revenues, are described in Note 6. The lease revenue over the remaining term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, $28,950,000. One hundred percent of lease revenues have been pledged under the agreement. No lease revenues were required during the year ended June 30, 2020. Interest payments of $1,298,230 were made during the year ended June 30, 2020 using initial debt proceeds.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The following schedule reflects the debt service requirements to maturity of the Series 2019 debt as of June 30, 2020

Year Ended June 30,	Principal	Interest	Total
2021	$ -	$ 1,451,438	$ 1,451,438
2022	-	1,451,438	1,451,438
2023	380,000	1,451,438	1,831,438
2024	405,000	1,428,500	1,833,500
2025	425,000	1,408,250	1,833,250
2026	27,740,000	1,387,000	29,127,000
Total	$ 28,950,000	$ 8,578,064	$ 37,528,064

NOTE 6 LEASES

The School leases its buildings from the Building Corporation and Foundation. The lease requires payments, which approximate the Building Corporation's required payments on the bonds and may be terminated in any year by non-appropriation of funds. The Building Corporation and Foundation have pledged the lease payments to pay bond principal and interest.

Lease expense was $929,362 for the year ended June 30, 2020, and is shown as expenditures in the General Fund and revenues in the Building Corporation fund. There were no lease payments required under the Foundation lease agreement during the year ended June 30, 2020.

The leases between the School (lessee) and Building Corporation and Foundation (lessors) includes certain restrictive covenants related to expenditures and unrestricted cash balances. Management believes the School complies with the covenants.

NOTE 7 DEFINED BENEFIT PENSION PLAN

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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

Plan description. Eligible employees of the June 30, 2020 are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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% 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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00% for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lessor of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2020: Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8.75% of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	5.50 %
Total Employer Contribution Rate to the SCHDTF	19.38 %

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 $771,883 for the year ended June 30, 2020.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The School proportion of the net pension liability was based on School contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the School reported a liability of $9,997,346 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School were as follows:

School's Proportionate Share of the Net Pension Liability	$ 9,997,346
State's Proportionate Share of the Net Pension Liability Associated with the School	1,268,036
Total	$ 11,265,382

At December 31, 2019, the School proportion was 0.0669176123%, which was a decrease of 0.0039150623% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized pension expense of $1,552,037 and revenue of $40,110 for support from the State as a nonemployer contributing entity. At June 30, 2020, 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	$ 544,862	$ -
Changes of Assumptions or Other Inputs	285,409	4,534,701
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,184,285
Changes in Proportion	136,229	2,314,878
Contributions Subsequent to the Measurement Date	392,760	-
Total	$ 1,359,260	$ 8,033,864

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

$392,760 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	$ (3,798,341)
2022	(2,758,951)
2023	(107,213)
2024	(402,859)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 % - 9.70%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007, and DPS Benefit Structure (Automatic)	1.25% Compounded Annually
PERA Benefit Structure Hired After December 31, 2006, (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

[1] For 2019, the annual increase was 0.0%.

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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Post-retirement non-disabled mortality assumptions 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 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 based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, 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 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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State provides an annual direct distribution of $225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 13,258,621	$ 9,997,346	$ 7,259,221

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

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS

Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

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

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from School were $40,625 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of $491,598 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the School's proportion was 0.0437365812%, which was a decrease of 0.0023050256% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of ($6,641). At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 1,631	$ 82,607
Changes of Assumptions or Other Inputs	4,078	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	8,205
Changes in Proportion	22,319	49,600
Contributions Subsequent to the Measurement Date	21,406	-
Total	$ 49,434	$ 140,412

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

$21,406 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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,	Amount
2021	$ (21,208)
2022	(21,207)
2023	(18,831)
2024	(28,524)
2025	(21,346)
Thereafter	(1,268)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50% in the Aggregate
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates	
Service-Based Premium Subsidy	0.00%
PERACare Medicare Plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2019, gradually increasing to 4.50% in 2029

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.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by 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 discussed below.

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$ 601	$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is $437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$ 562
Kaiser Permanente Medicare Advantage HMO	571

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (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	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension 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.

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

- **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.

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- 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 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.

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (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
Initial PERACare Medicare Trend Rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 479,921	$ 491,598	$ 505,093

NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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% 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%.

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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 555,851	$ 491,598	$ 436,649

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 11 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The School maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12 COMPLIANCE

The Foundation Fund may be in violation of state statutes as the expenditures exceed the appropriated budgets as the School did not adopt a budget for the Foundation Fund for fiscal year 2020.

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Local Sources				
Per Pupil Funding	$ 7,270,519	$ 7,189,404	$ 7,178,120	$ (11,284)
Mill Levy Override	-	493,325	499,748	6,423
Tuition	283,000	179,000	165,284	(13,716)
Contributions	6,000	6,000	4,350	(1,650)
State Sources				
Capital Construction	249,675	249,675	247,758	(1,917)
Grants	66,467	68,931	120,970	52,039
Federal Sources	19,569	19,569	116,452	96,883
Investment Income	24,350	24,350	33,361	9,011
Other	2,200	2,200	1,382	(818)
Total Revenue	7,921,780	8,232,454	8,367,425	134,971
EXPENDITURES				
Salaries	4,056,005	4,083,981	3,910,883	173,098
Employee Benefits	1,357,568	1,362,031	1,304,216	57,815
Purchased Services	1,878,633	2,207,775	1,083,158	1,124,617
Supplies and Materials	523,040	570,965	386,296	184,669
Property	98,834	-	31,554	(31,554)
Other	7,700	7,702	955,880	(948,178)
Total Expenditures	7,921,780	8,232,454	7,671,987	560,467
EXCESS OF REVENUE OVER EXPENDITURES	-	-	695,438	695,438
Fund Balance - Beginning of Year	1,791,562	2,122,094	2,122,094	-
FUND BALANCE - END OF YEAR	$ 1,791,562	$ 2,122,094	$ 2,817,532	$ 695,438

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
BUILDING CORPORATION
YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Rent Income	$ 929,363	$ 928,187	$ (1,176)
Investment Income	9,000	15,277	6,277
Total Revenue	938,363	943,464	5,101
EXPENDITURES			
Debt Services			
Principal Retirements	400,000	400,000	-
Interest and Fiscal Charges	520,938	520,938	-
Total Expenditures	920,938	920,938	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	17,425	22,526	5,101
Fund Balance - Beginning of Year	1,520,651	1,520,651	-
FUND BALANCE - END OF YEAR	$ 1,538,076	$ 1,543,177	$ 5,101

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
PRESCHOOL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUE				
Preschool Tuition & Fees	$ 189,000	$ 213,134	$ 235,281	$ 22,147
Total Revenue	189,000	213,134	235,281	22,147
EXPENDITURES				
Salaries	139,584	154,891	152,687	2,204
Employee Benefits	42,384	46,822	45,515	1,307
Supplies and Materials	7,032	6,421	3,997	2,424
Total Expenditures	189,000	208,134	202,199	5,935
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	5,000	33,082	28,082
Fund Balance - Beginning of Year	-	21,496	21,496	-
FUND BALANCE - END OF YEAR	$ -	$ 26,496	$ 54,578	$ 28,082

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOUNDATION FUND
YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Interest Income	$ -	$ 333,833	$ 333,833
Total Revenue	-	333,833	333,833
EXPENDITURES			
Current:			
Purchased services	-	48,083	(48,083)
Capital Outlay	-	20,168,348	(20,168,348)
Debt Service			
Interest and Fiscal Charges	-	2,047,833	(2,047,833)
Total Expenditures	-	22,264,264	(22,264,264)
OTHER FINANCING SOURCES			
Proceeds from Debt Issuance	-	28,950,000	28,950,000
Total Other Financing Sources (Uses)	-	28,950,000	28,950,000
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	7,019,569	7,019,569
Fund Balance - Beginning of Year	-	(115,058)	(115,058)
FUND BALANCE - END OF YEAR	$ -	$ 6,904,511	$ 6,904,511

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

Fiscal Year	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
School's Proportion (Percentage) of the Collective Net Pension Liability	0.0669176123%	0.0708326746%	0.0857934456%	0.0797921055%	0.0740429498%	0.0674786414%	0.0688235119%
School's Proportionate Share of the Collective Pension Liability	$ 9,997,346	$ 12,542,380	$ 27,742,551	$ 23,757,195	$ 11,324,346	$ 9,145,623	$ 8,778,420
State's Proportionate Share of the Net Pension Liability Associated with the School**	1,268,036	1,714,996	-	-	-	-	-
	$ 11,265,382	$ 14,257,376	$ 27,742,551	$ 23,757,195	$ 11,324,346	$ 9,145,623	$ 8,778,420
Covered Payroll	$ 3,925,770	$ 3,894,051	$ 3,957,479	$ 3,585,550	$ 3,232,068	$ 2,757,747	$ 2,827,012
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	254.7%	322.1%	701.0%	662.6%	350.4%	331.6%	310.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each fiscal year were determined as of December 31.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

As of June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily Required Contributions	$ 771,883	$ 743,599	$ 741,522	$ 718,085	$ 571,064	$ 524,873	$ 464,443	$ 441,195	$ 381,958	$ 308,650
Contributions in Relation to the Statutorily Required Contributions	771,883	743,599	741,522	718,085	571,064	524,873	464,443	441,195	381,958	308,650
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,982,884	$ 3,887,085	$ 3,927,176	$ 3,905,371	$ 3,217,293	$ 3,069,119	$ 2,812,543	$ 2,827,012	$ 2,616,938	$ 2,239,079
Contribution as a Percentage of Covered Payroll	19.38%	19.13%	18.88%	18.39%	17.75%	17.10%	16.51%	15.61%	14.60%	13.78%

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

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS

Fiscal Year	2020	2019	2018	2017
Plan Measurement Date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.043736581%	0.047046491%	0.048747469%	0.453547526%
School's Proportionate Share of the Collective OPEB Liability	$ 491,598	$ 626,415	$ 633,522	$ 588,040
Covered Payroll	3,925,770	3,894,051	3,957,479	3,585,550
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	12.52%	16.09%	16.01%	16.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

As of June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily Required Contributions	$ 40,625	$ 39,491	$ 40,057	$ 39,835	$ 32,816	$ 31,305	$ 28,781	$ 28,831	$ 26,693	$ 22,839
Contributions in Relation to the Statutorily Required Contributions	40,625	39,491	40,057	39,835	32,816	31,305	28,781	28,831	26,693	22,839
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,982,884	$ 3,887,085	$ 3,927,176	$ 3,905,371	$ 3,217,293	$ 3,069,119	$ 2,812,543	$ 2,827,012	$ 2,616,938	$ 2,239,079
Contribution as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

Budgets for all governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP) with the exception of on behalf payments for retirement benefits to Colorado PERA paid by the State of Colorado. The School adopts a legal budget for all funds. All appropriations lapse at year-end.

The level on which expenditures may not legally exceed appropriations is the fund level. Expenditures may not exceed the appropriation levels for legally adopted budgets. Revisions to an appropriation require approval by the Board at a public meeting, with prior published notice of the proposed change.

The Foundation Fund may be in violation of state statutes as the expenditures exceed the appropriated budgets as the School did not formally adopt a budget for the Foundation Fund for fiscal year 2020.

MONUMENT ACADEMY CHARTER SCHOOL
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2020

	Year Ended Balance June 30, 2019	Additions	Deletions	Ending Balance June 30, 2020
ASSETS				
Cash and Investments	$ 90,313	$ 139,843	$ 148,679	$ 81,477
Total Assets	$ 90,313	$ 139,843	$ 148,679	$ 81,477
LIABILITIES				
Due to Student Groups	$ 90,313	$ 139,843	$ 148,679	$ 81,477
Total Liabilities	$ 90,313	$ 139,843	$ 148,679	$ 81,477

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASEDON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Monument Academy Charter School
Monument, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monument Academy Charter School, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Monument Academy Charter School's basic financial statements, and have issued our report thereon dated October 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monument Academy Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monument Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Monument Academy Charter School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Monument Academy Charter School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 1, 2020

Financial Statement Findings

2020 – 001 – Segregation of Duties

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The School has an inherent deficiency, which is common with other entities of its size, in that is has a limited number of personnel performing accounting and administrative functions. As a result, complete segregation of duties is not practical, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the organization's internal controls.

Criteria or specific requirement: Ideal segregation of duties would include preparation and review of bank reconciliations by two separate individuals, access to the financial system for employees involved in recording financial activity would be limited to prevent override of controls, and preparation and review of journal entries would be performed by two separate individuals.

Cause: In the current circumstances, the Director of Finance prepares and reviews the bank reconciliations, the Director of Finance and Director of HR have full access to the School's accounting system, and the Director of Finance can post adjustments and journal entries without review by another individual.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Recommendation: The School should continue to evaluate the benefit of improved segregation of duties against the cost of implementing these internal controls.

Views of responsible officials and planned corrective actions: Management will continue to evaluate the current processes and procedures for cost effective improvements to internal controls, including segregation of duties.