

MONUMENT ACADEMY CHARTER SCHOOL
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

**MONUMENT ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
BALANCE SHEET GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES PUPIL ACTIVITY FUND	15
NOTES TO FINANCIAL STATEMENTS	16
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	45
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –SPECIAL REVENUE FUND	46
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –PRESCHOOL FUND	47
SCHEDULES OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	48
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS	49
SCHEDULES OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	50
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS	51
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	52
SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – PUPIL ACTIVITY FUND	53
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	54

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, 2018, 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 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 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2018, Monument Academy Charter School adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result of the implementation of this standard, Monument Academy Charter School reported a restatement for the change in accounting principle (see Note 11). Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, budgetary comparison information, pension information and Other Post Employment Benefits (OPEB) information on pages 4-8 and 45-51 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 August 13, 2018, 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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
August 13, 2018

**MONUMENT ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 the Monument Academy Charter School for the fiscal year ended June 30, 2018.

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 \$18,932,672 (net position). Due to the recent requirement that charter schools and districts report their proportionate share of PERA's pension liability, liabilities include \$27,742,551 of net pension liability.

At the close of the fiscal year, the Monument Academy Charter School's governmental funds reported a combined ending fund balance of \$3,285,004.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Monument Academy Charter School's basic financial statements. The 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 recent requirement that charter schools and districts report their proportionate share of PERA's pension liability, liabilities include \$27,742,551 of net pension liability.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 three individual governmental funds, the General Fund, Special Revenue Fund and Preschool 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 and Preschool 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.

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 16-44.

**MONUMENT ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 \$(18,932,672) at the close of the most recent fiscal year. Also noted earlier, liabilities include more than \$27,742,551 of net pension liability.

Monument Academy Charter School's Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Assets:		
Current and Other Assets	\$ 4,041,331	\$ 3,819,859
Capital Assets	9,923,694	10,200,019
Deferred Outflows of Resources Related to Refunding	1,854,900	1,940,767
Deferred Outflows of Resources Related to Pension	9,266,931	10,139,173
Deferred Outflows of Resources Related to OPEB	59,935	-
Total Assets and Deferred Outflows of Resources	<u>25,146,791</u>	<u>26,099,818</u>
Liabilities:		
Current	1,281,487	760,848
Long-term Liabilities	41,652,950	37,815,802
Deferred Inflows of Resources Related to Pension	1,134,427	139,795
Deferred Inflows of Resources Related to OPEB	10,599	-
Total Liabilities and Deferred Inflows of Resources	<u>44,079,463</u>	<u>38,716,445</u>
Net Position:		
Net Investment in Capital Assets	(927,889)	(960,923)
Restricted	643,905	627,073
Unrestricted	(18,648,688)	(12,282,777)
Total Net Position, as Restated	<u>\$ (18,932,672)</u>	<u>\$ (12,616,627)</u>

The largest portion of the Monument Academy Charter School's assets (71%) is capital assets, less accumulated depreciation. Monument Academy Charter School's overall net position decreased by \$6,316,045 during the fiscal year, this includes current year depreciation of \$345,456 and current pension expense of \$5,856,474.

**MONUMENT ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Monument Academy Charter School's Change in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues:		
Charges for Service	\$ 456,040	\$ 522,879
Operating Grant and Contributions	80,060	67,951
Capital Grant and Contributions	240,774	252,057
General Revenue:		
School Finance Act	6,644,417	6,381,508
Interest Earnings	21,686	8,336
Other	81,700	121,146
Total Revenues	<u>7,524,677</u>	<u>7,353,877</u>
Expenses:		
Governmental Activities:		
Instruction	8,277,953	6,980,182
Supporting Services	4,381,336	3,825,459
Interest Expense, Unallocated	613,877	624,527
Total Expenses	<u>13,273,166</u>	<u>11,430,168</u>
Total Change in Net Position	(5,748,489)	(4,076,291)
Net Position - Beginning of Year (as Restated)	<u>(13,184,183) *</u>	<u>(8,540,336)</u>
Net Position - End of Year	<u>\$ (18,932,672)</u>	<u>\$ (12,616,627)</u>

* Due to the implementation of accounting pronouncement GASB 75, the School was required to restate beginning net position and elected not to restate fiscal 2017 balances. See footnote 11.

Per pupil funding increased due to an increase in student count compared to 2017 and due to a \$228 increase in PPR itself. These increased total Per Pupil Revenue (PPR) provided by the District. Instruction expenses increased based on increase in pay for teachers and staff. Support services were greater in FY18 due to increases in utilities and technology improvements.

Financial Analysis of the Government's Funds

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

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

Unassigned fund balance for the General Fund at the end of the fiscal year is \$1,572,360; total fund balance for the General Fund is \$1,791,562. Total revenues during fiscal year 2017-2018 were \$7,524,677 with \$6,644,417 (88%) related to Per Pupil Revenue (PPR). During fiscal year 2017-2018, Monument Academy Charter School reported a funded student count of 913. During fiscal year 2016-2017, the School reported a student count of 908. There was an increase of 60 in student count.

**MONUMENT ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

General Fund Budgetary Highlights

The Monument Academy Charter 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 Monument Academy Charter 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.

Original General Fund Budget was \$7,318,441, and it was adjusted to \$7,236,855. Actual expenditures, including transfers out, were below the appropriated amount by \$4,330.

Capital Asset and Debt Administration

Capital Assets: Including the building and land of the Monument Academy Charter School, capital assets net of accumulated depreciation was \$9,923,694. During fiscal year 2017, capital assets were held by the Monument Building Corporation. Accounting for the Corporation is represented in the Special Revenue Fund of the financial statements.

Long-term Lease: The Monument Academy Charter School participates in a long-term debt service agreement with Colorado Educational and Cultural Facilities Authority (CECFA). This agreement was entered into for the purpose of constructing the education facilities used by the Monument Academy Charter School.

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.

General Comments

During the 2018 fiscal year, Monument Academy Charter School progressed in several areas. The funded student count increased slightly from the prior year, and per pupil revenue increased 3.2% from the prior year. Federal grant revenue tripled from the 2017-2018 fiscal year, as well. After an evaluation of the lighting systems, the school's lighting was enhanced to LED lighting.

The administration decided to implement a "Dean system" where there is a Dean of middle school and a Dean of elementary school. These deans work closely with the teachers. The middle school adopted a "house" system in which groups of students were together in their same "house" throughout the school year. The Monument Academy Charter School received the John Irwin School of Excellence Award which is given to top performing schools by the governor of Colorado.

Requests for Information

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

**MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 2,515,365
Restricted Cash and Investments:	1,493,442
Accounts Receivable	32,524
Capital Assets:	
Land	718,527
Buildings and Improvements	12,261,192
Equipment	21,319
Accumulated Depreciation	(3,077,344)
Total Assets	13,965,025
DEFERRED OUTFLOW OF RESOURCES	
Related to Refunding	1,854,900
Related to Pension	9,266,931
Related to OPEB	59,935
Total Deferred Outflow of Resources	11,181,766
LIABILITIES	
Accounts Payable	194,553
Accrued Salaries and Benefits	497,992
Accrued Interest Payable	135,160
Unearned Revenue	63,782
Noncurrent Liabilities:	
Due in Less Than One Year	390,000
Due in More Than One Year	13,276,877
Net Pension Liability	27,742,551
Net OPEB Liability	633,522
Total Liabilities	42,934,437
DEFERRED OUTFLOW OF RESOURCES	
Related to Pension	1,134,427
Related to OPEB	10,599
Total Deferred Outflow of Resources	1,145,026
NET POSITION	
Net Investment in Capital Assets	(927,889)
Restricted for:	
TABOR	219,202
Debt Service	304,478
Repairs and Replacement	120,225
Unrestricted	(18,648,688)
Total Net Position	\$ (18,932,672)

See accompanying Notes to Financial Statements.

**MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 8,277,953	\$ 456,040	\$ 80,060	\$ 240,774	\$ (7,501,079)
Supporting Services	4,381,336	-	-	-	(4,381,336)
Interest on Long-Term Debt	613,877	-	-	-	(613,877)
Total Governmental Activities	<u>\$ 13,273,166</u>	<u>\$ 456,040</u>	<u>\$ 80,060</u>	<u>\$ 240,774</u>	<u>(12,496,292)</u>
GENERAL REVENUES					
					6,644,417
					21,686
					81,700
					<u>6,747,803</u>
CHANGE IN NET POSITION					
					(5,748,489)
					<u>(13,184,183)</u>
					<u>\$ (18,932,672)</u>

See accompanying Notes to Financial Statements.

**MONUMENT ACADEMY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	Special Revenue	Preschool Fund	Total
ASSETS				
Cash and Investments	\$ 2,515,365	\$ -	\$ -	\$ 2,515,365
Restricted Cash and Investments	-	1,493,442	-	1,493,442
Accounts Receivable	32,524	-	-	32,524
Due from Other Funds	-	-	51,440	51,440
Total Assets	\$ 2,547,889	\$ 1,493,442	\$ 51,440	\$ 4,092,771
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 194,553	\$ -	\$ -	\$ 194,553
Accrued Salaries and Benefits	476,862	-	21,130	497,992
Unearned Revenues	33,472	-	30,310	63,782
Due to Other Funds	51,440	-	-	51,440
Total Liabilities	756,327	-	51,440	807,767
FUND BALANCES				
Restricted for:				
TABOR	219,202	-	-	219,202
Debt Service	-	1,373,217	-	1,373,217
Repairs and Replacement	-	120,225	-	120,225
Unassigned	1,572,360	-	-	1,572,360
Total Fund Balances	1,791,562	1,493,442	-	3,285,004
Total Liabilities and Fund Balances	\$ 2,547,889	\$ 1,493,442	\$ 51,440	\$ 4,092,771

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, 2018**

Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:

Fund Balances - Total Governmental Funds	\$ 3,285,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	9,923,694
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.	
Loan Payable	(13,300,000)
Premium on Loan Payable	(338,119)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period.	(135,160)
Net Pension Liability	(27,742,551)
Net OPEB Liability	(633,522)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Contributions Subsequent to Measurement Date for Pension	378,370
Contributions Subsequent to Measurement Date for OPEB	20,174
Proportionate Share of Contributions for Pension	1,294,788
Proportionate Share of Contributions for OPEB	36,765
Changes in Assumptions for Pension	7,083,704
Difference Between Expected and Actual Experience for Pension	510,069
Difference Between Expected and Actual Experience for OPEB	2,996
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Difference Between Expected and Actual Investment Earnings for Pension	(1,089,476)
Difference Between Expected and Actual Investment Earnings for OPEB	(10,599)
Changes in Assumptions for Pension	(44,951)
Loss on bond refunding not available to pay current expenditures and, therefore, classified as a deferred outflow of resources in the funds:	
Deferred Loss on Bond Refunding	1,854,900
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(28,758)</u>
Net Position in Governmental Activities	<u><u>\$ (18,932,672)</u></u>

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, 2018**

	General	Special Revenue	Preschool Fund	Total
REVENUES				
Local Sources	\$ 6,896,417	\$ -	\$ -	\$ 6,896,417
State Sources	289,987	-	-	289,987
Federal Sources	26,068	-	-	26,068
Investment Income	12,585	9,101	-	21,686
Other	81,700	-	208,819	290,519
Total Revenues	<u>7,306,757</u>	<u>9,101</u>	<u>208,819</u>	<u>7,524,677</u>
EXPENDITURES				
Current:				
Instruction	3,537,657	-	175,706	3,713,363
Support Services	2,763,631	-	33,113	2,796,744
Debt Service:				
Principal Payments	-	380,000	-	380,000
Interest and Fiscal Charges	-	546,587	-	546,587
Total Expenditures	<u>6,301,288</u>	<u>926,587</u>	<u>208,819</u>	<u>7,436,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,005,469	(917,486)	-	87,983
OTHER FINANCING SOURCES (USES)				
Transfers to Special Revenue Fund	(931,237)	931,237	-	-
Total Other Financing Sources (Uses)	<u>(931,237)</u>	<u>931,237</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	74,232	13,751	-	87,983
Fund Balances - Beginning of Year	1,717,330	1,479,691	-	3,197,021
FUND BALANCES - END OF YEAR	<u>\$ 1,791,562</u>	<u>\$ 1,493,442</u>	<u>\$ -</u>	<u>\$ 3,285,004</u>

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, 2018**

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$	87,983
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 depreciation exceeded capital outlay in the current period.		(276,325)
The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Amortization of Premiums, Loss on Refundings		(70,140)
Principal Payments		380,000
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:		
Pension Expense		(5,852,230)
OPEB Expense		(16,630)
Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.		2,850
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(3,997)</u>
Governmental Activities Change in Net Position	<u>\$</u>	<u><u>(5,748,489)</u></u>

See accompanying Notes to Financial Statements.

**MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
JUNE 30, 2018**

	<u>Pupil Activity Fund</u>
ASSETS	
Cash and Investments	<u>\$ 92,746</u>
Total Assets	<u><u>\$ 92,746</u></u>
LIABILITIES	
Due to Student Groups	<u>\$ 92,746</u>
Total Liabilities	<u><u>\$ 92,746</u></u>

See accompanying Notes to Financial Statements.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 an affiliated finance corporation that was 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.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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.

Special Revenue Fund – The Special Revenue Fund is the 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.

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.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 payable, capital lease debt service, 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.

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

Investments

Investments 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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 fixed 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 proportionate share of the net pension liability and OPEB liability. See Note 6 and 7 for additional information.

Deferred Loss On Refunding

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.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2018. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 6 for additional information.

Net OPEB Liability

The School's governmental activities report a net OPEB liability as of June 30, 2018. The School is required to report its proportionate share of PERA's unfunded OPEB liability. See Note 7 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 6 and 7 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. 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. Formal Board action is required to remove or adjust this limitation. 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.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

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). \$219,202 of the fund balance and net position have been restricted in compliance with this requirement.

Debt service and 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, 2018, \$1,373,217 and \$120,225 of fund balance have been restricted.

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

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 over spent its fiscal year 2018 budget for the preschool fund. See Note 12 for more information.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash and investments are reflected on the June 30, 2018 statement of net position as the following:

Cash and Investments per the Government-wide Statement of Net Position	
Cash and Deposit	\$ 2,515,365
Restricted Cash and Investments	1,493,442
Cash and Investments per the Fiduciary Statement of Assets and Liabilities	
Agency Fund	92,746
	\$ 4,101,553
Cash Deposits	\$ 2,608,111
Investments	1,493,442
	\$ 4,101,553

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, 2018, the School had deposits with financial institutions with a carrying amount of \$2,608,111.

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

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2018, the School had the following investments:

<u>Investment</u>	<u>Maturity Less Than One Year</u>	<u>Maturity 1 - 5 Years</u>	<u>Maturity 6-10 Years</u>	<u>Standard & Poor's Rating</u>	<u>Total</u>	<u>Concentration</u>
Cavanal Hill						
Money Market	\$ 1,493,442	\$ -	\$ -	AAAm	\$ 1,493,442	100.0%
Total	<u>\$ 1,493,442</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 1,493,442</u>	100.0%

The School had invested \$1,493,442 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 exempt for fair value measurement and are measured at amortized cost.

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 in the amount of \$1,493,442 is restricted in the Special Revenue Fund (the Corporation) for debt service requirements. This balance is made up of accounts set up for the payment of principal and interest with a balance of \$439,330. A second account is made up of a bond reserve requirement that has a balance of \$933,887. Another account is made up of a reserve for repairs and maintenance that has a balance of \$120,225.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Non-Depreciable Assets				
Land	\$ 718,527	\$ -	\$ -	\$ 718,527
Total Non-Depreciable Assets	718,527	-	-	718,527
Depreciable Assets				
Buildings and Improvements	12,192,061	69,131	-	12,261,192
Equipment	21,319	-	-	21,319
Total Depreciable Assets	12,213,380	69,131	-	12,282,511
Less Accumulated Depreciation				
Buildings and Improvements	(2,715,508)	(343,324)	-	(3,058,832)
Equipment	(16,380)	(2,132)	-	(18,512)
Total Accumulated Depreciation	(2,731,888)	(345,456)	-	(3,077,344)
Total Capital Assets, Net	<u>\$ 10,200,019</u>	<u>\$ (276,325)</u>	<u>\$ -</u>	<u>\$ 9,923,694</u>

Depreciation expense in the amount of \$345,456 was charged to the instructional function 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, 2018 were as follows:

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 24,761	\$ 40,782	\$ 36,785	\$ 28,758	\$ -
Building Loans	13,680,000	-	380,000	13,300,000	390,000
Building Loans Premium	353,846	-	15,727	338,119	-
Total	<u>\$ 14,058,607</u>	<u>\$ 40,782</u>	<u>\$ 432,512</u>	<u>\$ 13,666,877</u>	<u>\$ 390,000</u>

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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. 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 following schedule reflects the debt service requirements to maturity of the School's debt as of June 30, 2018:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 390,000	\$ 540,637	\$ 930,637
2020	400,000	528,938	928,938
2021	415,000	512,937	927,937
2022	435,000	496,338	931,338
2023	450,000	478,937	928,937
2024-2028	2,545,000	2,102,961	4,647,961
2029-3033	3,085,000	1,567,688	4,652,688
2034-2038	3,825,000	822,000	4,647,000
2039-2040	1,755,000	106,000	1,861,000
	<u>\$ 13,300,000</u>	<u>\$ 7,156,436</u>	<u>\$ 20,456,436</u>

The District has issued bonds for the purpose of refunding portions of the 2008 bonds. The proceeds of these bonds were placed in an irrevocable trust to provide the future debt service payments on the old bonds. The trust account assets and the liabilities for the defeased debt and respective assets and liabilities are as follows:

<u>Refuding Series</u>	<u>Amount Financed</u>	<u>Escrow Disbursement Completion</u>	<u>Assets in Trust</u>	<u>Principal Outstanding</u>
2008A	\$ 1,545,000	October, 2018	\$ 1,590,805	\$ 1,545,000

NOTE 6 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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 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. As these changes to plan provisions were not in effect at the end of 2017 which was the measurement date of the net pension liability, a detailed summary of the changes required by SB 18-200 is listed in a subsequent event section at the end of this footnote.

General Information About the Pension Plan

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

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

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

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

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

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

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions: Eligible employees and the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$741,522 for the year ended June 30, 2018.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2018, the School reported a liability of \$27,742,551 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School's proportion was 0.0857934456%, which was an increase of 0.0060013401% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$5,856,474. At June 30, 2018, Monument Academy 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	\$ 510,069	\$ -
Changes of Assumption or Other Inputs	7,083,704	44,951
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,089,476
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	1,294,788	-
Contributions Subsequent to the Measurement Date	378,370	-
Total	\$ 9,266,931	\$ 1,134,427

An amount of \$378,370 was 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2019	\$ 5,084,344
2020	2,920,660
2021	158,994
2022	(409,864)
2023	-
Thereafter	-
	\$ 7,754,134

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions: The December 31, 2016 actuarial valuation used 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 ¹	5.26%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007, and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure Hired After December 31, 2006, (Ad Hoc, Substantively Automatic)	Finance by the Annual Increase Reserve

¹ The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 4.78% as described below.

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

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% factor applied to male rates and a 55% factor applied to female rates.

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

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

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

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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	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 4.78%. The basis for the projection of liabilities and the plan fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the SCHDTF as of the prior measurement date, December 31, 2016. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate.

The long-term expected rate of return of 7.25% on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week by The Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%.

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

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (3.78%) or one percentage-point higher (5.78%) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate Share of the Net Pension Liability	\$ 35,043,561	\$ 27,742,551	\$ 21,793,062

Pension Plan Fiduciary Net Position

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

Subsequent Events

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

A summary of the bill's main provisions is as follows:

Benefit Changes

- Increase the number of years used in the HAS calculation from three to five years for members, except judges, who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Increase the number of years used in the HAS calculation for the Judicial Division from one to three years for members who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Redefine PERA-includable salary for all members to include payouts of unused sick leave.
- Redefine PERA-includable salary for members hired on or after July 1, 2019, to include contributions to IRC Section 125 and 132 plans.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Apply the State Trooper contribution rate, retirement age, and benefits to other safety officers, including sheriff deputies and corrections officers hired on or after January 1, 2020.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 64 with 30 years.
 - Age 65 with 5 years.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 25 years.
 - Age 60 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 55 with 25 years.
 - Age 65 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 20 years.
- Temporary suspension of Annual Increase (AI) for years 2018 and 2019.
- Sets the AI cap at 1.5% and extends the AI waiting period from one to three years.

Contribution Changes

- Incrementally increases the member contribution percentage a total of 2.00% as follows:
 - 0.75% on July 1, 2019.
 - 0.75% on July 1, 2020.
 - 0.50% on July 1, 2021.
- Increase employer contributions 0.25% on July 1, 2019, for all divisions except for the Local Government Division.
- PERA will receive an annual direct distribution from the State in the amount of \$225 million. The distribution will occur on July 1, 2018, and on July 1 each year thereafter until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Beginning January 1, 2021, and every year thereafter, employer contribution rates for the Local Government and State Divisions will be adjusted to include a defined contribution supplement. The defined contribution supplement for these two divisions will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made.

Other Provisions

- Beginning July 1, 2020, and then each year thereafter, member contributions, employer contributions, the direct distribution from the State, and the AI will be adjusted based on certain statutory parameters to keep PERA on path to full funding in 30 years.
- Expands PERAChoice for new members hired on or after January 1, 2019, in the Local Government Division and to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division.
- Increases the cost to disaffiliate for Local Government Division.
- Expands the existing Fire and Police Pension Reform Commission to include oversight of PERA and creates a new Subcommittee exclusively focused on PERA.
- PERA may share private equity and real estate investment information in an executive session of the legislative members of the Pension Review Commission unless confidentiality provisions of contracts prohibit such disclosure.

Governmental accounting standards require the net pension liability for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year-end. The collective net pension liability calculated using the plan provisions in effect at December 31, 2017 for the SCHDTF can be found in the notes above. For comparative purposes, the following schedule presents the collective net pension liability and associated discount rate disclosed in the notes above, as well as an estimate of what the collective net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future collective net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	Discount Rate	Net Pension Liability	Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (Pro Forma)	Estimated Collective Net Pension Liability Collective Using Plan Provisions Required by SB 18-200 (Pro Forma)
PERA Total	4.78%	\$ 32,336,446,000	7.25%	\$ 14,609,326,000
Proportionate Share	4.78%	27,742,551	7.25%	12,533,844

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately \$15,094,855,000 of the estimated reduction is attributable to the use of a 7.25% discount rate.

NOTE 7 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 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 the 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 Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (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. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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.

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 Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF).

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians.

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.

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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

At June 30, 2018, the School reported a liability of \$633,522 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, the School's proportion was .0487474694% which was an increase of .0033927168% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized OPEB expense of \$6,630. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 2,996	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	10,599
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	36,765	-
Contributions Subsequent to the Measurement Date	20,174	-
Total	<u>\$ 59,935</u>	<u>\$ 10,599</u>

\$20,174 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 5,162
2020	5,162
2021	5,162
2022	5,163
2023	7,812
Thereafter	701
	<u>\$ 29,162</u>

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
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	5.00%
Medicare Part A Premiums	3.00% for 2017, Gradually Rising to 4.25% in 2023

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

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

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

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 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
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total 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% factor applied to male rates and a 55% factor applied to female rates.

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

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

Healthy, post-retirement 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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 by the investment consultant for each major asset class.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
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	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 OPEB liability was 7.25%. The basis for the projections of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the HCTF as of the prior measurement date, December 31, 2016. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the HCTF'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 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. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the School's proportionate share of the net OPEB liability, as well as what the School's 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 discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	\$ 712,278	\$ 633,522	\$ 566,302

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the School's proportionate share of the net OPEB liability, as well as what the School's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	\$ 616,091	\$ 633,522	\$ 654,516

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position

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

NOTE 8 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

NOTE 9 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 10 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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 GASB 75 ADJUSTMENT

For the year ended June 30, 2018, School adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB).

GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability. For the School, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

	<u>Governmental Activities</u>
Net Position, June 30, 2017, as Previously Reported	\$ (12,616,627)
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	<u>(567,556)</u>
Net Position - Beginning of Year (as Restated)	<u><u>\$ (13,184,183)</u></u>

NOTE 12 COMPLIANCE

The General Fund and Preschool Fund may be in violation of state statutes as the expenditures exceed the appropriated budgets. The variances are related to adjustments in charges late in the fiscal year that were unanticipated.

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<u>Expenditures</u>				
General Fund	\$ 6,283,046	\$ 6,282,017	\$ 6,301,288	\$ (19,271)
Preschool Fund	198,000	190,000	208,819	(18,819)

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Local Sources				
Per Pupil Funding	\$ 6,642,606	\$ 6,644,462	\$ 6,644,417	\$ (45)
Tuition	304,000	262,300	247,221	(15,079)
Contributions	7,700	7,700	4,779	(2,921)
State Sources				
Capital Construction	252,352	230,745	240,774	10,029
Grants	47,771	53,562	49,213	(4,349)
Federal Sources				
Education Jobs Fund	8,512	12,817	26,068	13,251
Investment Income	7,200	7,200	12,585	5,385
Other	48,300	18,069	81,700	63,631
Total Revenue	<u>7,318,441</u>	<u>7,236,855</u>	<u>7,306,757</u>	<u>69,902</u>
EXPENDITURES				
Salaries	3,915,730	3,873,639	3,847,867	25,772
Employee Benefits	1,362,096	1,321,517	1,238,101	83,416
Purchased Services	621,824	730,709	754,721	(24,012)
Supplies and Materials	289,510	279,760	356,277	(76,517)
Property	75,416	54,954	84,143	(29,189)
Other	18,470	21,438	20,179	1,259
Total Expenditures	<u>6,283,046</u>	<u>6,282,017</u>	<u>6,301,288</u>	<u>(19,271)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(954,838)	(954,838)	(931,237)	23,601
Total Other Financing Sources (Uses)	<u>(954,838)</u>	<u>(954,838)</u>	<u>(931,237)</u>	<u>23,601</u>
EXCESS OF REVENUE AND OTHER OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	80,557	-	74,232	74,232
Fund Balance - Beginning of Year	<u>1,734,515</u>	<u>1,717,330</u>	<u>1,717,330</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,815,072</u></u>	<u><u>\$ 1,717,330</u></u>	<u><u>\$ 1,791,562</u></u>	<u><u>\$ 74,232</u></u>

**MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Investment Income	\$ 150	\$ 3,660	\$ 9,101	\$ 5,441
Total Revenue	150	3,660	9,101	5,441
EXPENDITURES				
Debt Services				
Principal Retirements	380,000	380,000	380,000	-
Interest and Fiscal Charges	684,348	684,348	546,587	137,761
Total Expenditures	1,064,348	1,064,348	926,587	137,761
OTHER FINANCING SOURCES (USES)				
Transfers	930,987	930,987	931,237	250
Total Other Financing Sources (Uses)	930,987	930,987	931,237	250
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES				
	(133,211)	(129,701)	13,751	143,452
Fund Balance - Beginning of Year	1,339,489	1,479,691	1,479,691	-
FUND BALANCE - END OF YEAR	<u><u>\$ 1,206,278</u></u>	<u><u>\$ 1,349,990</u></u>	<u><u>\$ 1,493,442</u></u>	<u><u>\$ 143,452</u></u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Preschool Tuition & Fees	\$ 198,000	\$ 190,000	\$ 208,819	\$ 18,819
Total Revenue	198,000	190,000	208,819	18,819
EXPENDITURES				
Salaries	142,376	139,876	135,547	4,329
Employee Benefits	41,796	41,323	40,159	1,164
Purchased services	13,828	8,801	33,113	(24,312)
Total Expenditures	198,000	190,000	208,819	(18,819)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's Proportion (Percentage) of the Collective Net Pension Liability (Asset)	0.0857934456%	0.0797921055%	0.0740429498%	0.0674786414%	0.0688235111%
School's Proportionate Share of the Collective Pension Liability (Asset)	\$ 27,742,551	\$ 23,757,195	\$ 11,324,346	\$ 9,145,623	\$ 8,778,420
Covered Payroll	3,957,479	3,585,550	3,232,068	2,757,747	2,796,217
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	701.02%	662.58%	350.37%	331.63%	313.94%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	43.96%	43.10%	59.16%	62.80%	64.06%

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

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

As of June 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily Required Contributions	\$ 741,522	\$ 718,085	\$ 571,064	\$ 524,873	\$ 464,443	\$ 441,195	\$ 381,958	\$ 308,650	\$ 251,743	\$ 225,017
Contributions in Relation to the Statutorily Required Contributions	<u>741,522</u>	<u>718,085</u>	<u>571,064</u>	<u>524,873</u>	<u>464,443</u>	<u>441,195</u>	<u>381,958</u>	<u>308,650</u>	<u>251,743</u>	<u>225,017</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered Payroll	\$ 3,927,176	\$ 3,905,371	\$ 3,217,293	\$ 3,069,119	\$ 2,812,543	\$ 2,827,012	\$ 2,616,938	\$ 2,239,079	\$ 1,958,227	\$ 1,851,101
Contribution as a Percentage of Covered Payroll	18.88%	18.39%	17.75%	17.10%	16.51%	15.61%	14.60%	13.78%	12.86%	12.16%

* 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**

	<u>2017</u>	<u>2016</u>
School's Proportion (Percentage) of the Collective Net Pension Liability (Asset)	0.0487474694%	0.4535475260%
School's Proportionate Share of the Collective Pension Liability (Asset)	\$ 633,522	\$ 588,040
Covered Payroll	3,957,479	3,585,550
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	16.01%	16.40%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	17.53%	16.72%

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

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

As of June 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily Required Contributions	\$ 40,057	\$ 39,835	\$ 34,593	\$ 31,305	\$ 28,781	\$ 28,831	\$ 26,693	\$ 22,839	\$ 19,974	\$ 18,881
Contributions in Relation to the Statutorily Required Contributions	<u>40,057</u>	<u>39,835</u>	<u>34,593</u>	<u>31,305</u>	<u>28,781</u>	<u>28,831</u>	<u>26,693</u>	<u>22,839</u>	<u>19,974</u>	<u>18,881</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered Payroll	\$ 3,927,176	\$ 3,905,371	\$ 3,217,293	\$ 3,069,119	\$ 2,812,543	\$ 2,827,012	\$ 2,616,938	\$ 2,239,079	\$ 1,958,227	\$ 1,851,101
Contribution as a Percentage of Covered Payroll	1.02%	1.02%	1.08%	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.

**MONUMENT ACADEMY CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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). 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.

**MONUMENT ACADEMY CHARTER SCHOOL
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2018**

	Year Ended Balance June 30, 2017	Additions	Deletions	Ending Balance June 30, 2018
ASSETS				
Cash and Investments	\$ 102,624	\$ 210,652	\$ 220,530	\$ 92,746
Total Assets	<u>\$ 102,624</u>	<u>\$ 210,652</u>	<u>\$ 220,530</u>	<u>\$ 92,746</u>
LIABILITIES				
Due to Student Groups	\$ 102,624	\$ 210,652	\$ 220,530	\$ 92,746
Total Liabilities	<u>\$ 102,624</u>	<u>\$ 210,652</u>	<u>\$ 220,530</u>	<u>\$ 92,746</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON 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, 2018, 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 August 13, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
August 13, 2018