Guffey Community Charter School

Financial Report

June 30, 2018

Guffey Community Charter School
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guffey Community Charter School
Guffey, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the General Fund budgetary comparison of the Guffey Community Charter School (the "School"), as of and for the year ended June 30, 2018, which collectively comprise the School's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Guffey Community Charter School
Guffey, Colorado

Opinions

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

Emphasis of Matter

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

Other Matters

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
January 29, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guffey Community Charter School

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

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

Financial Highlights

- The School's liabilities and deferred inflows of resources exceeded its assets and deferred outflow of resources as of June 30, 2018 by ($800,927), resulting in a deficit net position.
- The School had a positive change in fund balance of $12,661.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements have four components: 1) Government-wide financial statements; 2) Fund financial statements; 3) General Fund budget and actual statement; and 4) Notes to the financial statements.

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

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

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

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

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

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

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

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 a government's near-term financing requirements. The School's only governmental fund is the General Fund

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 government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic major governmental fund financial statements can be found on pages C1 – C2.

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. The Notes to the Financial Statements can be found at section D this report.

Government-wide Financial Analysis:

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

Guffey Community Charter School Summary of Net Position

	2018	2017
Assets:		
Current and other assets	$ 346,440	323,475
Capital assets	50,414	51,931
Total Assets	396,854	375,406
Deferred Outflows of Resources:		
Related to pensions	409,857	520,377
Related to other post-employment benefits	1,221	-
Total Deferred Outflows of Resources	411,078	520,377
Liabilities:		
Other liabilities	41,137	38,833
Long-term liabilities	1,483,890	1,341,779
Total Liabilities	1,525,027	1,380,612
Deferred Inflows of Resources:		
Related to pensions	83,052	43,486
Related to other post-employment benefits	778	-
Total Deferred Inflows of Resources	83,830	43,486
Net Position:		
Invested in capital assets	50,414	51,931
Restricted for emergency	15,000	15,000
Unrestricted	(866,339)	(595,246)
Total Net Position	$ (800,925)	(528,315)

Government-wide Financial Analysis (continued):

Of total assets, 13% are capital assets (e.g. land, fixtures and equipment). The decrease in capital assets is due to current year depreciation expense of $1,517.

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

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

Guffey Community Charter School Summary of Activities and Changes in Net Position

	2018	2017
Revenues:		
Per pupil funding	$ 372,442	367,959
Investment income	4,145	2,097
Other	21,964	43,293
Total Revenues	398,551	413,349
Expenses:		
Direct instruction	449,187	365,598
Indirect instruction	660	1,148
General administration	152,417	160,493
Custodial maintenance	36,109	40,949
Transportation	2,367	2,134
Community service	19	427
Food service operations	5,936	6,777
Total Expenses	647,536	578,861
Change in Net Position	(248,985)	(165,512)
Net Position - July 1 (restated)	(551,940)	(362,803)
Net Position - June 30	$ (800,925)	(528,315)

Governmental Activities: Net position from governmental activities decreased $248,985. This decrease was primarily a result of an increase in pension and OPEB expense totaling $252,129.

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

Financial Analysis of the School's Funds

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

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

As of the end of the current fiscal year, the School's governmental funds reported ending fund balance of $297,301, an increase of $12,661 from the prior year ending fund balance.

Budget Variances in the General Fund: The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected on page C3 of the audited financial statements. The most significant budgeted variances are noted as follows:

Account	Final Budget	Actual	Reason
Revenues:			
District funding	$ 318,707	372,442	Increased pupil count resulted in higher allocations
Total Revenues	338,099	398,551	
Expenditures:			
Computer expense	11,624	1,845	Budgeted but unused
Operational contingency	15,000	-	Budgeted but unused
	403,248	385,890	

Capital Assets: The School's capital assets, net of accumulated depreciation, totaled $50,414 as of June 30, 2018. A significant portion of the School's building and significant assets are owned by Park County School District.

Additional information as well a detailed classification of the School's net capital assets can be found in the Notes to the Financial Statement section of this report.

Long-Term Liabilities: As of the end of the current fiscal year, the School has long-term liabilities of $1,483,890. This includes the School's net pension liability of $1,420,306, and net OPEB liability of $32,434 at the end of the fiscal year 2018.

Additional information as well a detailed classification of the School's long-term liabilities can be found in the Notes to the Financial Statement section of this report.

Next Year's Budget and Fund Balance: The School's General Fund balance at the end of fiscal year 2018 totaled $297,303. The subsequent year's budget for fiscal year ended June 30, 2019 budget is fiscally balanced.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Guffey Community Charter School, School Administrator, P.O. Box 147, Guffey, Colorado 80820.

BASIC FINANCIAL STATEMENTS

Guffey Community Charter School

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

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	346,441	-	346,441
Capital assets, net of accumulated depreciation	-	50,414	50,414
Total Assets	346,441	50,414	396,855
Deferred Outflow of Resources:			
Related to pensions	-	409,857	409,857
Related to other post-employment benefits	-	1,221	1,221
Total Deferred Outflow of Resources	-	411,078	411,078
Current Liabilities:			
Accounts payable	4,955	-	4,955
Accrued payroll and related liabilities	44,183	(8,000)	36,183
Total Current Liabilities	49,138	(8,000)	41,138
Noncurrent Liabilities:			
Accrued compensated absences	-	3,150	3,150
Retirement payable:			
Due within one year	-	4,000	4,000
Due in more than one year	-	24,000	24,000
Net pension liability	-	1,420,306	1,420,306
Net other post-employment benefits liability	-	32,434	32,434
Total Noncurrent Liabilities	-	1,483,890	1,483,890
Deferred Inflow of Resources:			
Related to pensions	-	83,052	83,052
Related to other post-employment benefits	-	778	778
Total Deferred Inflow of Resources	-	83,830	83,830
Fund Balances/Net Position:			
Fund balance:			
Reserved for emergencies	15,000	(15,000)	
Assigned for employee benefits	38,776	(38,776)	
Unassigned	243,527	(243,527)	
Total Fund Balance	297,303	(297,303)	
Total Liabilities and Fund Balance	346,441		
Net position:			
Invested in capital assets, net of related debt		50,414	50,414
Restricted for emergencies		15,000	15,000
Unrestricted		(866,339)	(866,339)
Total Net Position		(800,925)	(800,925)

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

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

	General Fund	Adjustments	Statement of Activities
Revenues:			
Per pupil funding	372,442	-	372,442
Investment income	4,145	-	4,145
Other	21,964	-	21,964
Total Revenues	398,551	-	398,551
Expenditures/Expenses:			
Direct instruction	245,492	203,695	449,187
Indirect instruction	660	-	660
General administration	94,466	57,951	152,417
Support services	841	-	841
Custodial maintenance	36,109	-	36,109
Transportation	2,367	-	2,367
Community service	19	-	19
Food service operations	5,936	-	5,936
Total Expenditures/Expenses	385,890	261,646	647,536
Excess (Deficiency) of Revenues Over Expenditures	12,661	(12,661)	-
Change in Net Position	-	(248,985)	(248,985)
Fund Balance/Net Position:			
Beginning of the year (restated)	284,642		(551,940)
End of the year	297,303		(800,925)

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

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

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
District funding	318,707	318,707	372,442	53,735	367,959
Investment income	150	150	4,145	3,995	2,097
Other	19,242	19,242	21,964	2,722	43,293
Total Revenues	338,099	338,099	398,551	60,452	413,349
Expenditures/Expenses:					
Bookkeeping	9,400	9,400	9,532	(132)	8,628
Computer expense	11,624	11,624	1,845	9,779	4,677
Office expense	4,800	4,800	6,236	(1,436)	4,194
Instructional supplies	12,000	12,000	13,738	(1,738)	18,599
Insurance	46,239	46,239	43,347	2,892	32,757
Legal	4,700	4,700	4,880	(180)	4,548
Food and supplies	6,000	6,000	5,936	64	6,777
Payroll	216,111	216,111	217,565	(1,454)	215,953
PERA and related taxes	46,464	46,464	46,985	(521)	47,997
Repairs and maintenance	8,160	8,160	6,844	1,316	16,139
Custodial supplies	1,500	1,500	893	607	1,688
Miscellaneous expense	7,400	7,400	9,832	(2,432)	8,808
Trash	1,500	1,500	1,416	84	1,415
Transportation	5,850	5,850	10,354	(4,504)	3,803
Utilities	6,500	6,500	6,487	13	5,640
Operational contingency	15,000	15,000	-	15,000	-
Total Expenditures	403,248	403,248	385,890	17,358	381,623
Change in Fund Balance	(65,149)	(65,149)	12,661	77,810	31,726
Fund Balance:					
Beginning of the year			284,642		252,916
End of the year			297,303		284,642

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

NOTES TO THE FINANCIAL STATEMENTS

Guffey Community Charter School

I. Summary of Significant Accounting Policies

Guffey Community Charter School (the "School") was formed in September 29, 1999 to serve as a place of learning and service that nurtures the light of the individual spirit by treasuring our countryside, the classroom, and the community, both local and global, in an atmosphere of safety, kindness, and joy.

The School operates under a charter from the Park County School District (the "District") and is a public entity. The School also created a non-profit 501(c) 3 corporation which is utilized for grants and large charitable contributions. The financial statements include both transactions of the non-profit and public entity.

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

In 1995 the District approved a charter application through a resolution, allowing for the creation of the Lake George / Guffey Community Charter School. The charter contract was later amended to separate the Schools into the Lake George Charter School and the Guffey Community Charter School.

Charter Schools are financed from a portion of School Finance Act revenues and from revenues generated by the School, within the limits established by the Charter School Act, *CRS Section 22-30-101.* The School operates under an elected Board of Directors and follows state and federal accounting and reporting requirements in compliance with the terms of its approved charter.

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

A. Reporting Entity

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

Based on the criteria above, the School is not financially accountable for any other organization. The School is included in the District's reporting entity because of the nature and significance of their operational and financial relationships with the District. The School's financial transactions are consolidated and reported within the District's General Fund.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The School reports the following major governmental fund:

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

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

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

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables

The School uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. No allowance was established at June 30, 2018, as all amounts were considered collectible.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets

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

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase, if applicable, is not capitalized as part of the value of the assets.

Furniture, fixtures and equipment are depreciated using the straight-line method over the useful life of 10 years.

The building occupied by the School is owned by the District. It had an insurable value of $255,000 at June 30, 2018.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position.

6. Pensions

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

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

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

9. Use of Estimates

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

10. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has two items that qualify for reporting in this category. That they are the collective deferred outflows related to the School's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension or OPEB liability in future periods, see Notes IV.D and IV.E.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The School has two items that qualify for reporting in this category. Collective deferred inflows related to the School's net pension and OPEB obligation are reported on the Statement of Net Position and are amortized over the average service lives of all active and inactive plan members, see Notes IV.D and IV.E.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance

The School classifies governmental fund balances as follows:

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

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

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

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

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

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

II. Reconciliation of School-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between Fund balance – General Fund and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. The School adds capital assets net of depreciation of $50,414 and pension and OPEB related deferred outflows of $411,078. Another element of this reconciliation adds long-term pension and OPEB related deferred inflows of $83,830. Long-term obligations consist of the net pension liability of $1,420,306; net OPEB liability of $32,434, a total earned retirement liability of $28,000, and a liability for accrued compensated absences of $3,150.

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between Net change in fund balance – General Fund and Changes in net position – Governmental activities as reported in the government-wide Statement of Activities. There were no capital outlays and maintenance for assets which have been capitalized in the current year, and there was a net decrease of $8,000 in retirement payable and accrued compensated absences. The School adds $252,129 for the net changes in the net pension and OPEB liability, pension and OPEB related deferred outflows, and pension and OPEB related deferred inflows. The School also adds depreciation expense of $1,517.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

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

1. The proposed budget was submitted to the School Board and the District's Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.

2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.

3. The District's Board of Education certified revenue requirements to the local County Commissioners prior to December 15.

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment – Revenue and Spending Limitation Amendment

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The School has reserved a portion of its June 30, 2018 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of $15,000.

On November 3, 1998, the School's electorate approved to: *"allow the School to collect, keep, and expend revenue from any sources received without regard to any spending, revenue raising, or other limitation on Article X, Section 20 of the Colorado constitution or other laws of the State."*

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

IV. Detailed Notes on all Funds

A. Deposits and Investments

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

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At June 30, 2018, the School had the following investments measured at net asset value:

Investments Measured at Net Asset Value	Total
Colotrust	$ 252,127

At June 30, 2018, the School had the following deposits and investments:

			Maturities	
	Standard and Poors Rating	Carrying Amounts	Less than One Year	One to Five Years
Deposits:				
Petty	Not rated	$ 76	-	-
Checking	Not rated	94,238	94,238	-
Investment Pool	AAAm	252,127	252,127	-
		$ 346,441	346,365	-

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The School has no regulatory oversight for the pool.

The School has addressed the following risks as noted:

Credit Risk – State statutes authorize the School to only invest in bank deposits, general obligations of the U.S. Government and its agencies, repurchase agreements of less than 180 days and collateralized by U.S. Treasury or Federal Instrumentality Securities with a maturity not exceeding 5 years, highest rated commercial paper, certain bankers acceptances, local government investment pools, money market funds and certificates of deposit. The School's policy is to restrict investments to only those permitted by state statute.

Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Concentration Risk – Investment diversification is utilized to avoid unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The School's investments consist entirely of deposits within two financial institutions. However, these deposits are made with varied maturity dates and are collateralized for amounts over insured limits as required under Colorado State Statutes.

Interest Rate Risk – Colorado Revised Statutes limit the School's investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from interest rates. The School's investment policy is to follow the State Statute in order to reduce interest rate risk.

B. Capital Assets

The School's capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 39,999	-	-	39,999
Total capital assets, not being depreciated	39,999	-	-	39,999
Capital assets, being depreciated:				
Furniture, fixtures and equipment	15,170	-	-	15,170
Total capital assets, being depreciated	15,170	-	-	15,170
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(3,238)	(1,517)	-	(4,755)
Total accumulated depreciation	(3,238)	(1,517)	-	(4,755)
Total Capital Assets, Net	$ 51,931	(1,517)	-	50,414

Depreciation expense relates to the direct instruction function.

C. Long-Term Liabilities

The School had the following long-term liabilities at June 30, 2018:

	Beginning Balance (restated)	Additions	Deletions	Ending Balance	Due Within One Year
Accrued compensated absences	$ 3,150	-	-	3,150	-
Retirement payable	34,000	-	6,000	28,000	4,000
Net OPEB liability	32,639		205	32,434	-
Net pension liability	1,318,629	101,677	-	1,420,306	-
	$ 1,388,418	101,677	6,205	1,483,890	4,000

IV. Detailed Notes on all Funds (continued)

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

At June 30, 2018, the School reported a liability of $1,420,306 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 proportion of the net pension liability was based on School contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the School proportion was 0.00439% as compared to its proportion of 0.00443% measured as of December 31, 2016.

For the year ended June 30, 2018, the School recognized pension expense of $289,509. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred between expected and actual experience	$ 26,114	-
Change of assumptions or other inputs	362,657	2,301
Net difference between projected and actual earnings on pension plan investments	-	55,777
Changes in proportionate share of contributions	-	24,974
Contributions subsequent to the measurement date	21,086	-
Total	$ 409,857	83,052

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

Year ended June 30:	
2019	206,317
2020	120,037
2021	348
2022	(20,983)
	305,719

IV. Detailed Notes on all Funds (continued)

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

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

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

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

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

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

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

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

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

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

IV. Detailed Notes on all Funds (continued)

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

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

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

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

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

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

IV. Detailed Notes on all Funds (continued)

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

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

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

IV. Detailed Notes on all Funds (continued)

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

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

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

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of net pension liability	$ 1,794,089	1,420,306	1,115,717

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

Changes between the measurement date of the net pension liability and the School's fiscal year ended June 30, 2018. During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* 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 of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

IV. Detailed Notes on all Funds (continued)

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

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

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

At June 30, 2018, the School reported a liability of $1,420,326 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the School's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	Estimated Discount Rate Discount Rate Plan Provisions Calculated Using Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
Collective Net Pension Liability	7.25%	14,609,326,000
Proportionate Share of Net Pension Liability	7.25%	641,682

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School reported a liability for Other Post-Employment Benefits (“OPEB”) of $32,434 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017. The School’s proportion of the net OPEB liability was based on School contributions to the Health Care Trust Fund (“HCTF”). for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the School proportionate share was 0.0025%, as compared to its proportionate share of 0.0025% measured as of December 31, 2016.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	$ 153	$ -
Net difference between projected and actual earnings on plan investments	-	543
Changes in proportionate share of contributions	-	235
Contributions subsequent to measurement date	1,068	-
	$ 1,221	$ 778

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Year Ended June 30,	Amortization
2019	$ (152)
2020	(152)
2021	(152)
2022	(152)
2023	(16)
Thereafter	(2)
	$ (626)

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

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

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

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

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

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

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

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 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

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

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

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERA Care Medicare Trent Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend	3.25%	4.25%	5.25%
Collective Net OPEB Liability	1,263,843,000	1,299,600,000	1,342,667,000
Proportionate Net OPEB Liability	31,541	32,434	33,509

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

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

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

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

IV. Detailed Notes on all Funds (continued)

E. Liabilities Related to Health Care Trust Fund and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate: OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained www.copera.org/investments/pera-financial-reports.

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Proportionate Share of Net OPEB Liability	$ 36,466	$ 32,434	$ 28,992

V. Other Information

A. Defined Benefit Pension Plan

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

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

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

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

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

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

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

V. Other Information (continued)

A. Defined Benefit Pension Plan (continued)

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 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate[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]	18.63%	19.13%

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $37,746 for the year ended June 30, 2018.

B. Postemployment Healthcare Benefits

Plan Description – The School contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

V. Other Information (continued)

B. Postemployment Healthcare Benefits (continued)

Funding Policy – The School is required to contribute at a rate of 1.02 percent of covered salary for all PERA members at rates set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see previous note) is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. The School's contributions to the HCTF for the year ended June 30, 2018 were $2,027.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

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

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

V. Other Information (continued)

C. Defined Contribution Pension Plan

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

Funding Policy – Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were contributions of $0, $2,550, and $5,100 to the 401(k) Plan member contributions from the School for the year ended June 30, 2018, 2017 and 2016 respectively.

D. Risk Management

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

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

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

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

E. Related Party Transactions

There were no related party transactions in the fiscal year ending June 30, 2018.

V. Other Information (continued)

F. Professional Staff Retirement / Departure Plan

For the purpose of rewarding professional staff of the School for years of faithful service, the Board has approved a retirement plan for all employees who have been employed as a ¾ time or full time staff person for 10+ years. The plan provides for the following:

Years of Service	Total Amount	Length of Payout	Per Year
10	$ 5,000	5 years	$ 1,000
11	6,000	5 years	1,200
12	7,000	5 years	1,400
13	8,000	5 years	1,600
14	9,000	5 years	1,800
15	10,000	5 years	2,000
16	12,000	5 years	2,400
17	14,000	5 years	2,800
18	16,000	5 years	3,200
19	18,000	5 years	3,600
20	20,000	5 years	4,000

Payments are made equally over a five – year payment plan. The first payment will be made on the September pay date of the calendar year following retirement /departure. Subsequent payments will be made on September pay date of each subsequent year.

G. Accrued Compensated Absences

The School pays $35/day for any unused sick days up to 90 days ($3,150). Payment is made on the September pay date of the calendar year following retirement. At year end the School had a sick pay liability of $3,150.

H. Restatement of Net Position

In 2018, the School implemented Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, requires employers to recognize their long-term obligation for OPEB as a liability and OPEB related deferred inflows and outflows on the Statement of Net Position. As such, the School's 2018 financial statements report a restatement of net position on the Statement of Activities for governmental activities for $31,625 which was the amount of the School's long-term obligation and deferred inflows and outflows related to OPEB benefits at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Guffey Community Charter School

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

	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.0044%	0.0044%	0.0047%	0.0049%	0.0043%
School's proportionate share of the net pension liability	$ 1,420,306	$ 1,318,629	1,318,629	663,925	551,344
School's covered payroll	$ 204,215	$ 252,925	$ 254,411	$ 205,216	$ 174,257
School's proportionate share of the net pension liability as a percentage of its covered payroll	695%	521%	518%	324%	381%
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.16%	62.84%	64.07%

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

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

	2018	2017	2016	2015	2014
Contractually required contribution	$ 37,746	$ 36,038	$ 35,460	$ 33,717	$ 27,062
Contributions in relation to the contractually required contribution	$ (37,746)	$ (36,038)	$ (35,460)	$ (33,717)	$ (27,062)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 204,215	$ 252,925	$ 254,411	$ 205,216	$ 174,257
Contributions as a percentage of covered payroll	18.48%	14.25%	13.94%	16.43%	15.53%

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

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

	2018	2017
School's proportion of the net OPEB liability	0.0025%	0.0025%
School's proportionate share of the net OPEB liability	32,434	32,639
School's covered-employee payroll	204,215	252,925
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16%	13%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

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

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

	2018	2017
Contractually required contribution	6,652	6,381
Contributions in relation to the contractually required contribution	(6,652)	(6,381)
Contribution deficiency (excess)	-	-
School's covered-employee payroll	675,138	593,327
Contributions as a percentage of covered-employee payroll	0.99%	1.08%

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

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

A. Changes to assumptions or other inputs

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

- The single equivalent interest rate ("SEIR") was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

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

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and Denver Pubic School ("DPS") Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The single equivalent interest rate (the "SEIR") for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the fiduciary net position (the "FNP"), and the resulting application of the municipal bond index rate

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

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.

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

A. Changes to assumptions or other inputs (continued)

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

- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

II. Notes to the Schedule of School Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented above.

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

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Notes to the Schedule of School OPEB Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.