RENAISSANCE SECONDARY SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2019

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FINANCIAL SECTION

JOHN CUTLER
& ASSOCIATES

Board of Directors
Renaissance Secondary School
Castle Rock, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Secondary School (the "School"), a component unit of the Douglas County School District RE-1, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Renaissance Secondary School, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 44-48 be presented to supplement the basic financial statements. Such information, although not 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.

John Cutler & Associates, LLC

October 31, 2019

Renaissance Secondary School
(A Component Unit of the Douglas County School District RE.1)
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2019

As management of the Renaissance Secondary School (the School), we offer readers of the Renaissance Secondary School financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019.

Financial Highlights

The period ending June 30, 2019 was the second year of operations for the School. Liabilities and deferred inflows of the School exceeded its assets and deferred outflows at June 30, 2019 by $2,369,286. This negative net position is being driven by the net pension and post-employment benefit liabilities or the GASB 68 and GASB 75 disclosures.

At the close of the fiscal year the School's General fund reported an ending fund balance of $553,895 reflecting a small decrease of $1,965.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

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

The statement of net position presents information on all the School's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial condition 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 grant expenses and earned but unpaid salary and benefits).

The government-wide financial statement of activities distinguish functions/programs of the School, which will be supported primarily by per pupil revenue (PPR) passed through from the District (Douglas County School District). The governmental activities of the School include instruction and supporting expenses.

The government-wide financial statements can be found on pages 1-2 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 School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School can be divided into two categories: governmental funds and proprietary funds.

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

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

The School maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and is considered to be a major fund.

Proprietary Funds - Services for which the School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The School's internal service fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information such as cash flow analysis. The School reports one proprietary fund the Building Corporation.

The School adopts an annual appropriations budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page 44.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9-43.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by $2,369,286 for all government funds and business type activities at the close of the most recent fiscal year. $108,000 of this total is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the School. The net position deteriorated further by $1,642,015, primarily due to GASB 68 and GASB 75, the pension and post-employment benefit disclosures.

Renaissance Secondary School
(A Component Unit of the Douglas County School District RE.1)
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2019

Renaissance Secondary's Net Position for the Year Ended June 30, 2019

	Governmental and Business Type Activities 30-Jun-19
ASSETS	
Cash and Investments	$ 522,637
Restricted Investments	1,105,313
Receivables and Prepaid Items	224,162
Capital Net of Accumulated Depreciation	10,443,064
Total Assets	12,295,176
Deferred outflow of resources-Pensions/OPEB	5,698,645
LIABILITIES	
Accounts Payable	38,808
Accrued Salaries and Benefits	161,409
Accrued Interest	55,962
Deferred Revenue	24,764
Noncurrent - Due Within One Year	205,000
Noncurrent – Pension/OPEB	4,924,447
Noncurrent – Due in More Than One Year	12,005,000
Total Liabilities	17,415,390
Deferred Inflow of Resources-Pensions/OPEB	2,947,717
NET POSITION	
Investment in Capital Assets, Net	(661,623)
Restricted for Emergencies	108,000
Unrestricted	(1,815,663)
Total Net Position	$ (2,369,286)

The majority of the School's assets (84.9%) are in net capital assets. 13.24% percent of total assets represent cash, restricted cash and investments. The School's net position is a negative $2,369,286 which reflects a further deterioration of net position of $1,642,015 or 226% due to the GASB 68 and 75 impacts.

Renaissance Secondary's Change in Net Position
For the Year Ended June 30, 2019

	June 30, 2019
Program Revenue:	
Charges for Services	1,295,243
Grants and Contributions	416,528
Total Program Revenue	1,711,771
General Revenue:	
Per Pupil Revenue	2,731,963
Mill Levy Override	408,160
Investment Earnings	27,760
Other	21,718
Total General Revenue	3,189,601
Total Revenue	4,901,372
Expenses:	
Current:	
Instruction	2,917,771
Supporting Services	2,944,235
Interest on Long-Term Debt	681,381
Total Expenses	6,543,387
Increase (Decrease) in Net Position	(1,642,015)
Beginning Net Position	(727,271)
Ending Net Position	$ (2,369,286)

Financial Analysis of the Government's Funds
As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the Renaissance Secondary's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance 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, June 30, 2019, the School's General Fund reported an ending fund balance of $553,895, reflecting a small decrease of $1,965 or .35%.

General Fund Budgetary Highlights

The School approves a budget prior to June 30th based on enrollment projections or Full Time Equivalents (FTE) for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. The first year of operations supported enrollment of 355 students for grades 6th through 10th. FY19, the second year of operations supported 344 students in grades 6th through 11^{th,} a 3.1% decline in enrollment. The School executed the third and final phase of the Colorado Charter Schools Program, a start-up grant awarded by the Colorado Department of Education. The total General Fund appropriation was $4,029,541. Actual expenditures and transfers out were $4,032,337 for a negative variance of $2,796. This negative variance in General Fund expenditures was due to an unexpected $38,490 PERA Grant. This expenditure was driven by the State legislature and not controlled by the District or the School. Because the School was not notified of this impact until the fiscal year had closed, the School was unable to revise its appropriating resolution to include the additional expense.

Capital Asset and Debt Administration

Capital Assets The School's investment in capital assets is anticipated to improve over the coming years as asset additions are made and contributed to the internal service fund (Building Corporation). Construction was completed in FY18. Total capital assets were $11,021,277. Depreciation recorded for the year was $315,476. Net capital assets totaled $10,443,064. Please see Note 4 for a breakdown of total assets.

Long-Term Lease Agreement

The School entered into a lease agreement with the Building Corporation in October, 2016. The lease will be renewed annually and expire each June 30th. Debt was issued in the amount of $12,450,000 on October 14, 2016. The proceeds of the loan were used to begin construction of the School. The loan will mature June 30, 2021 at which time a balloon payment of $12,005,000 will be due and paid by the proceeds from an executed refinancing. Currently the interest rate on the debt ranges between 5.5% and 6.5% per annum with annual debt service ranging from $387,600 to $880,275. The lease calls for monthly base rental payments ranging from $63,942.92 to $72,930.63, intercepted by the State Treasurer/District.

The School has agreed to maintain a Debt Service reserve of $881,000 and a Repair and Replacement reserve $125,000. In addition, the School will need to meet a Debt Service Coverage Ratio (DSCR) of 1.10X measured on June 30th of each year beginning in 2019 in addition to maintaining 50 days of cash on hand.

Economic Factors and Next Year's Budget

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision expired in FY 11 and continues without the 1% increase. The FY19 Governor's budget was released in November, 2017 and called for a 4.5% increase in PPR and was finalized at 6.3%. These funding levels continue to chip away at the $572 million shortfall in the School Finance Act. With Colorado unemployment still very low, it is likely K-12 funding will continue to improve in the coming years at a similar pace.

The School's FY20 budget calls for a total appropriation of $4,199,115 based on an enrollment of 368 students. The General Fund budget anticipates a decrease in Ending Fund Balance of $140,406.

Requests for Information

This financial report is designed to provide a general overview of the Renaissance Secondary's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Renaissance Secondary School, Attn: Business Office, 3954 Trail Boss Lane, Castle Rock, CO 80104.

BASIC FINANCIAL STATEMENTS

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	
	2019	2018
ASSETS		
Cash and Investments	$ 522,637	$ 679,716
Restricted Investments	1,105,313	1,131,842
Accounts Receivable	206,196	54,828
Prepaid Expenses	17,966	4,837
Capital Assets, Depreciated, Net of Accumulated Depreciation	10,443,064	10,695,014
TOTAL ASSETS	12,295,176	12,566,237
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	5,563,105	5,966,526
Related to OPEB	135,540	127,827
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,698,645	6,094,353
LIABILITIES		
Accounts Payable	38,808	28,869
Accrued Salaries and Benefits	161,409	148,115
Accrued Interest	55,962	56,856
Deferred Revenue	24,764	30,927
Noncurrent Liabilities		
Net Pension Liability	4,739,461	6,313,355
Net OPEB Liability	184,986	144,166
Due Within One Year	205,000	195,000
Due in More Than One Year	12,005,000	12,210,000
TOTAL LIABILITIES	17,415,390	19,127,288
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	2,947,435	258,161
Related to OPEB	282	2,412
TOTAL DEFERRED INFLOWS OF RESOURCES	2,947,717	260,573
NET POSITION		
Investment in Capital Assets	(661,623)	(578,144)
Restricted for Emergencies	108,000	95,000
Unrestricted	(1,815,663)	(244,127)
TOTAL NET POSITION	$ (2,369,286)	$ (727,271)

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

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
			Operating	Capital	Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	2019	2018
Governmental Activities						
Instruction	$ 2,917,771	$ -	$ 99,675	$ -	$ (2,818,096)	$ (1,965,566)
Supporting Services	2,944,235	1,295,243	214,299	102,554	(1,332,139)	(649,640)
Interest on Long-Term Debt	681,381	-	-	-	(681,381)	(684,956)
Total Governmental Activities	$ 6,543,387	$ 1,295,243	$ 313,974	$ 102,554	$ (4,831,616)	$ (3,300,162)

	2019	2018
GENERAL REVENUES		
Per Pupil Revenue	2,731,963	2,521,757
Mill Levy Override	408,160	189,079
Investment Earnings	27,760	17,242
Other Revenues	18,389	15,841
Unrestricted State Aid	3,329	-
TOTAL GENERAL REVENUES	3,189,601	2,743,919
CHANGE IN NET POSITION	(1,642,015)	(556,243)
NET POSITION, Beginning	(727,271)	(171,028)
NET POSITION, Ending	$ (2,369,286)	$ (727,271)

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

RENAISSANCE SECONDARY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	TOTAL GOVERNMENTAL FUNDS 2019	TOTAL GOVERNMENTAL FUNDS 2018
ASSETS		
Cash and Investments	$ 522,637	$ 679,716
Accounts Receivable	204,434	53,562
Prepaid Expenditures	17,966	4,837
TOTAL ASSETS	$ 745,037	$ 738,115
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 4,969	$ 3,213
Accrued Salaries and Benefits	161,409	148,115
Unearned Revenue	24,764	30,927
TOTAL LIABILITIES	191,142	182,255
FUND BALANCES		
Nonspendable	17,966	4,837
Restricted for Emergencies	108,000	95,000
Unassigned	427,929	456,023
TOTAL FUND BALANCES	553,895	555,860
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and and therefore, are not reported in the funds.	257,056	285,731
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of ($4,739,461), net OPEB liability of ($184,986), deferred outflows related to pensions and OPEB $5,698,645, and deferred inflows related to pensions and OPEB of ($2,947,717).	(2,173,519)	(623,741)
Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	(1,006,718)	(945,121)
Net position of governmental activities	$ (2,369,286)	$ (727,271)

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

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	TOTAL GOVERNMENTAL FUNDS	
	2019	2018
REVENUES		
Local Sources	$ 3,588,469	$ 3,159,001
State and Federal Sources	416,528	269,174
TOTAL REVENUES	4,004,997	3,428,175
EXPENDITURES		
Current		
Instruction	1,718,757	1,543,281
Supporting Services	2,288,580	1,531,084
TOTAL EXPENDITURES	4,007,337	3,074,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,340)	353,810
OTHER FINANCING SOURCES (USES)		
Transfers In	25,375	146,026
Transfers Out	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	375	121,026
NET CHANGE IN FUND BALANCES	(1,965)	474,836
FUND BALANCES, Beginning	555,860	81,024
FUND BALANCES, Ending	$ 553,895	$ 555,860

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

RENAISSANCE SECONDARY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	$	(1,965)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($34,770), exceeded capital outlay $6,095, in the current year.		(28,675)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds, those amounts are capitalized and amortized.		(1,549,778)
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.		(61,597)
Change in net position of governmental activities	$	(1,642,015)

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

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2019

	Governmental Activities - Internal Service Fund 2019	Governmental Activities - Internal Service Fund 2018
ASSETS		
Current Assets		
Restricted Cash and Investments	$ 1,105,313	$ 1,131,842
Interest Receivable	1,762	1,266
Total Current Assets	1,107,075	1,133,108
Long-term Assets		
Capital Assets, Net of Accumulated Depreciation	10,186,008	10,409,283
Total Long-term Assets	10,186,008	10,409,283
TOTAL ASSETS	11,293,083	11,542,391
LIABILITIES		
Current Liabilities		
Accounts Payable	33,839	25,656
Interest Payable	55,962	56,856
Bonds Payable - Current Portion	205,000	195,000
Total Current Liabilities	294,801	277,512
Long-Term Liabilities		
Bonds Payable	12,005,000	12,210,000
TOTAL LIABILITIES	12,299,801	12,487,512
NET POSITION		
Net Investment in Capital Assets	(974,641)	(920,731)
Unrestricted	(32,077)	(24,390)
TOTAL NET POSITION	$ (1,006,718)	$ (945,121)

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

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund	
	2019	2018
OPERATING REVENUES		
Rent	$ 869,437	$ 459,760
OPERATING EXPENSES		
Purchased Services	5,275	1,215
Depreciation Expense	280,706	237,316
Property	2,637	-
TOTAL OPERATING EXPENSES	288,618	238,531
OPERATING INCOME	580,819	221,229
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	23,609	15,860
Interest Expense	(681,381)	(684,956)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(657,772)	(669,096)
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(76,953)	(447,867)
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Capital Contributions	15,731	-
Transfers In	25,000	25,000
Transfers Out	(25,375)	(146,026)
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	15,356	(121,026)
NET INCOME (LOSS)	(61,597)	(568,893)
NET POSITION, Beginning	(945,121)	(376,228)
NET POSITION, Ending	$ (1,006,718)	$ (945,121)

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

RENAISSANCE SECONDARY SCHOOL

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
Year Ended June 30, 2019
Increase (Decrease) in Cash

	Governmental Activities - Internal Service Fund 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rent	$ 869,437	$ 459,760
Cash Paid to Suppliers	271	(1,377,173)
Net Cash Provided by Operating Activities	869,708	(917,413)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	23,113	17,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Purchases	(57,431)	(2,214,807)
Principal Payments on Bonds	(195,000)	(45,000)
Interest Paid on Long-term Debt	(682,275)	(685,200)
Net Cash Provided by Financing Activities	(934,706)	(2,945,007)
CASH FLOWS FROM NON CAPITAL RELATED FINANCING ACTIVITIES		
Payments to Other Funds	15,356	(121,026)
NET INCREASE IN CASH	(26,529)	(3,966,382)
CASH, Beginning	1,131,842	5,098,224
CASH, Ending	$ 1,105,313	$ 1,131,842
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 580,819	$ 221,229
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities		
Depreciation Expense	280,706	237,316
Changes in Assets and Liabilities		
Accounts Payable	8,183	(1,375,958)
Total Adjustments	288,889	(1,138,642)
Net Cash Provided by Operating Activities	$ 869,708	$ (917,413)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contribution from the School	$ 15,731	$ -

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Renaissance Secondary School (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a Charter School within the Douglas County School District (the "District") in the State of Colorado.

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

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Renaissance Secondary School Building Corporation

The Renaissance Secondary School Building Corporation. ("Corporation") is considered to be financially accountable to the School. The purpose of the Corporation is to provide a mechanism to issue and pay debt on behalf of the School. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as an internal service fund. Separate financial statements are not available.

The School is a component unit of the Douglas County School District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

NOTE 1: ***<u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>*** (Continued)

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The School reports the following major governmental fund:

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

Additionally, the School reports the following fund types:

The *Internal Service Fund* is used to account for activity of the Building Corporation.

Deferred Outflows/Inflows of Resources

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

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

*Receivable*s – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements 20 - 40 years; equipment 5 years.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. As of June 30, 2019, the School has classified its prepaid expenditures as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2019.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial coverage for these risks of loss. Settled claims have not exceeded insured amounts in the last three years.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for all funds on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors by June 30th. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

State Compliance

For the year ended June 30, 2019, actual expenditures exceeded appropriated amounts by $2,796, due to the recognition of School's on-behalf share of the State of Colorado's direct distribution to the Public Employee's Retirement Association's ("PERA") School Division Trust fund during the year ended December 31, 2018. The School's proportionate share of this distribution was $38,490.

NOTE 3: ***CASH AND INVESTMENTS***

Cash and Investments at June 30, 2019 consisted of the following:

Petty Cash	$ 500
Deposits	522,137
Investments	1,105,313
Total	**$ 1,627,950**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

The above amounts are classified in the statement of net position as follows:

Cash and Investments	$ 522,637
Restricted Cash and Investments	1,105,313
Total	**$ 1,627,950**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the School had deposits with financial institutions with a carrying amount of $522,637. The bank balances with the financial institutions were $587,300. Of this amount, $250,000 was covered by federal depository insurance and $337,300 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

It is the School's policy to follow Colorado State statutes guidelines for managing credit risk or interest rate risk.

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The School invested $1,105,313 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2. These investments are rated AAAm by Standard and Poor's.

Restricted Cash and Investments

Cash and investments in the amount of $1,105,313 are restricted in the Building Corporation for debt service requirements.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2019 is summarized below.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
Capital Assets, Depreciated				
Buildings	10,489,403	5,011	-	10,494,414
Machinery and Equipment	468,348	58,515	-	526,863
Total Capital Assets, Depreciated	10,957,751	63,526	-	11,021,277
Accumulated Depreciation				
Buildings	229,456	262,360	-	491,816
Machinery and Equipment	33,281	53,116	-	86,397
Total Accumulated Depreciation	262,737	315,476	-	578,213
Total Capital Assets, Being Depreciated, Net	10,695,014	(251,950)	-	10,443,064
Net Capital Assets	**$ 10,695,014**	**$ (251,950)**	**$ -**	**$ 10,443,064**

Depreciation expense is charged to the supporting services program of the School.

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July, but are earned during the school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2019, were $161,409 in the General Fund.

NOTE 6: *LONG-TERM DEBT*

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Payments	Balance June 30, 2019	Due In One Year
2016A Bonds	$ 12,405,000	$ -	$ 195,000	$12,210,000	$ 205,000
Total	**$ 12,405,000**	**$ -**	**$ 195,000**	**$12,210,000**	**$ 205,000**

2016 Bonds Payable

In October 2016, the Public Finance Authority issued $12,450,000 Charter School Revenue Bonds. Proceeds of the bonds were used by the Corporation to finance the costs of: (a) constructing improvements to the Land in which the Corporation has a leasehold interest located at 3960 Trail Boss Lane, Castle Rock, Colorado 80104; (b) funding a bond reserve fund for the Series; (c) funding capitalized interest on the Series 2016 Bonds; and (d) paying the costs of issuance of the Series 2016 Bonds. The School is obligated under a lease agreement to make monthly lease payments to the Corporation for the use of educational facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The 2016A and 2016B bonds accrue in the amount of 5.50% and 6.50% per annum respectively. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on June 1, through 2021.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 205,000	$ 671,550	$ 876,550
2021	12,005,000	660,275	12,665,275
Total	**$ 12,210,000**	**$ 1,331,825**	**$ 13,541,825**

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

Pensions. The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

NOTE 7: *DEFINED BENEFIT PENSION PLAN* (Continued)

General Information about the Pension Plan

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

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

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2019: Eligible employees, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through December 31, 2019
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]	5.50%	5.50%
Total employer contribution rate to the SCHDTF	**19.13%**	**19.13%**

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

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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 $315,844 for the year ended June 30, 2019.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the School reported a liability of $4,739,461 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School were as follows:

School's proportionate share of the net pension liability	$4,739,461
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	$648,055
Total	$5,387,516

At December 31, 2018, the School proportion was .02677 percent, which was a decrease of .00724 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the School recognized pension expense of $1,834,645 and revenue of $3,329 for support from the State as a nonemployer contributing entity. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 160,768	N/A
Changes of assumptions or other inputs	884,641	$ 2,947,435
Net difference between projected and actual earnings on pension plan investments	258,330	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,094,933	N/A
Contributions subsequent to the measurement date	164,433	N/A
Total	**$ 5,563,105**	**$ 2,947,435**

$164,433 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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,	
2020	$2,169,368
2021	$397,200
2022	($256,642)
2023	$141,311

NOTE 7: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2017 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	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

NOTE 7: *DEFINED BENEFIT PENSION PLAN* (Continued)

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

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.

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

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

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 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%.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.

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

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

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

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$6,025,413	$4,739,461	$3,660,329

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

Benefits provided as of December 31, 2017. 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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

OPEB. The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position 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.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan

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

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

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

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

NOTE 8: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

General Information about the OPEB Plan (Continued)

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 or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $16,841 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of $184,986 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The School's proportion of the net OPEB liability was based on School's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the School proportion was .01360 percent, which was an increase of .00250 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of $47,818. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 671	$ 282
Changes of assumptions or other inputs	1,298	N/A
Net difference between projected and actual earnings on OPEB plan investments	1,064	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	123,740	N/A
Contributions subsequent to the measurement date	8,767	N/A
Total	**$ 135,540**	**$ 282**

$8,767 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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,	
2020	$29,450
2021	$29,450
2022	$29,451
2023	$30,189
2024	$7,725
2025	$226

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2017 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	3.25 percent for 2018, gradually rising to 5.00
percent in 2025	
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

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

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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:

NOTE 8: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*
(Continued)

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

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

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***
(Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$179,878	$184,986	$190,861

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, 2018, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

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

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$206,983	$184,986	$166,180

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

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment.

As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2019, the reserve of $108,000 was recorded as a reservation of fund balance in the General Fund.

NOTE 10: ***DEFICIT NET POSITION***

The Net Position of the government type activities reports at a deficit of $2,369,286 due to the inclusion of the Net Pension Liability per GASB No. 68 and the Net OPEB Liability per GASB No. 75.

REQUIRED SUPPLEMENTARY INFORMATION

RENAISSANCE SECONDARY SCHOOL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2019

	2019				
	ORIGINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 3,027,180	$ 2,660,586	$ 2,731,963	$ 71,377	$ 2,521,757
Mill Levy Override	211,770	404,088	408,160	4,072	189,079
Tuition and Fees	421,200	331,232	425,806	94,574	430,942
Grants and Donations	-	45,886	8,943	(36,943)	15,841
Interest	-	1,038	4,151	3,113	1,382
Miscellaneous	-	5,769	9,446	3,677	-
State and Federal Sources					
Grants and Donations	331,498	126,016	416,528	290,512	269,174
TOTAL REVENUES	3,991,648	3,574,615	4,004,997	430,382	3,428,175
EXPENDITURES					
General Government					
Current					
Salaries	1,707,647	1,713,526	1,699,623	13,903	1,367,557
Employee Benefits	531,635	505,734	523,074	(17,340)	396,937
Purchased Services	1,603,646	1,557,289	1,460,917	96,372	951,575
Supplies and Materials	57,994	102,602	153,438	(50,836)	161,891
Property	143,472	12,040	161,082	(149,042)	186,976
Other	191,208	113,350	9,203	104,147	9,429
TOTAL EXPENDITURES	4,235,602	4,004,541	4,007,337	(2,796)	3,074,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(243,954)	(429,926)	(2,340)	427,586	353,810
OTHER FINANCING USES					
Transfers In	-	20,200	25,375	5,175	146,026
Transfers Out	(25,000)	(25,000)	(25,000)	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	(4,800)	375	5,175	121,026
NET CHANGE IN FUND BALANCE	(268,954)	(434,726)	(1,965)	432,761	474,836
FUND BALANCE, Beginning	367,229	555,860	555,860	-	81,024
FUND BALANCE, Ending	$ 98,275	$ 121,134	$ 553,895	$ 432,761	$ 555,860

See the accompanying independent auditors' report.

RENAISSANCE SECONDARY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,

	2017	2018
School's proportionate share of the Net Pension Liability	0.0195%	0.0268%
School's proportionate share of the Net Pension Liability	$ 6,313,355	$ 4,739,461
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	$ -	$ 648,055
Total portion of the Net Pension Liability associated with the School	$ 6,313,355	$ 5,387,516
School's covered payroll	$ 675,462	$ 1,471,468
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	934.7%	366.1%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	57.0%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

RENAISSANCE SECONDARY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISVISION TRUST FUND

Years Ended June 30,

	2018	2019
Statutorily required contributions	$ 250,050	$ 315,844
Contributions in relation to the Statutorily required contributions	250,050	315,844
Contribution deficiency (excess)	$ -	$ -
School's covered payroll	$ 1,323,942	$ 1,651,037
Contributions as a percentage of covered payroll	18.89%	19.13%

Notes:
This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

RENAISSANCE SECONDARY SCHOOL

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	2017	2018
School's proportionate share of the Net OPEB Liability	0.0111%	0.0136%
School's proportionate share of the Net OPEB Liability	$ 144,166	$ 184,986
School's covered payroll	$ 675,462	$ 1,471,468
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	21.3%	12.6%
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%	17.0%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

RENAISSANCE SECONDARY SCHOOL

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2018	2019
Statutorily required contributions	$ 13,504	$ 16,841
Contributions in relation to the Statutorily required contributions	13,504	16,841
Contribution deficiency (excess)	$ -	$ -
School's covered payroll	$ 1,323,942	$ 1,651,037
Contributions as a percentage of covered payroll	1.02%	1.02%

Notes:
This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.