THE CONNECT CHARTER SCHOOL

PUEBLO, COLORADO

BASIC FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

June 30, 2019

Table of Contents

Garren, Ross & DeNardo, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA
MEL J. ROSS, CPA
SAM J. DeNARDO, CPA

SUITE 200
3673 PARKER BOULEVARD
PUEBLO, COLORADO 81008
719 / 544-9872
FAX 719 / 253-5417
www.grdcpa.com

Independent Auditor's Report

February 4, 2020

Board of Education
The Connect Charter School
Pueblo, Colorado

We have audited the accompanying financial statements of the governmental activities of The Connect Charter School, a component unit of Pueblo County School District No. 70, 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. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of The Connect Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the budgetary comparison information, the schedule of the School's proportionate share, and the schedule of the School's contributions on pages 36 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Warren, Ross & DeMarco, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CONNECT CHARTER SCHOOL
JUNE 30, 2019

As management of The Connect Charter School (the School), we offer readers of the School's financial statements this narrative and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

The total net position increased during the current year by $451,573, from ($3,542,223) to ($3,090,650). Of this amount, $984,015 is invested in capital assets or restricted by law.

The School's General Fund balance decreased during the current year by $605,088 from $2,192,354 to $1,587,266. Of this amount, $62,600 is reserved for emergencies.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to the financial statements. The MD&A provides an analysis of the School's overall financial position and results of the previous year's operations to assist the users of financial statements to assess whether the government's finances have improved or deteriorated. The basic financial statements include two kinds of statements that present different views of the district.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the School's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements.

Government-wide Financial Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position presents information on all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how it has changed. Net position – the difference between the School's assets and liabilities is one way to measure the School's financial health or position.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating.

Fund Financial Statements

The Fund financial statements provide more detailed information about the School's general fund. 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 only has one type of fund – general fund.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 35 of this report.

Budgetary Comparisons

The Connect Charter School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on page 36 of this report.

Government-wide Financial Analysis – Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the combined liabilities exceeded assets by $3,090,650. Of the ($3,090,650), $62,600 is restricted to comply with Tabor. An additional $921,415 is invested in capital assets.

The following table provides a summary of the School's government wide net position for 2019.

		2019	2018
Assets			
Current assets		$ 1,285,953	$ 2,109,182
Non-current assets		2,747,210	451,163
	Total Assets	4,033,163	2,560,345
Deferred Outflow of Resources			
Related to Pensions and OPEB		1,684,023	2,181,341
Liabilities			
Current liabilities		172,755	335,187
Long-term liabilities		5,075,747	7,237,967
	Total Liabilities	5,248,502	7,573,154
Deferred Inflow of Resources			
Related to Pensions and OPEB		3,559,334	710,755
Net Position			
Invested in capital assets, net of related debt		921,415	32,804
Restricted for emergency		62,600	58,300
Unrestricted		(4,074,665)	(3,633,327)
	Total Net Position	$ (3,090,650)	$ (3,542,223)

Government-wide Financial Analysis (Continued)

The assets of the School are classified as current assets and capital assets. Cash and receivables are current assets. These assets are available to provide resources for the near-term operations of the School. A portion of School's net position reflects its investment in capital assets. These assets include buildings and improvements. Capital assets are discussed in greater detail in the section titled, capital assets, elsewhere in this analysis. In addition to assets there are deferred outflows relating to the pension obligations. Deferred outflows represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until then.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits. Long term liabilities include the net pension liability. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets, or new resources that become available during fiscal year 2019. In addition to liabilities there are deferred inflows relating to the pension. Deferred inflows represent an acquisition of net position that applies to a future period and will not be recognized as revenue until then.

The net position is a negative ($3,090,650). The negative balance is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of $3,497,732, representing Connect School's proportionate share of PERA's net pension liability and adoption of GASB Statement No. 75, resulting in a net OPEB liability of $173,281, representing Connect School's proportionate share of PERA's OPEB liability.

Changes in Net Position

The following table summarizes the changes in the School's net position for governmental activities for the year ended June 30, 2019

	2019	2018
Revenue		
Program Revenue		
Charges for services	$ 39	$ -
Operating grants	24,648	-
Capital grants	82,463	-
General Revenue		
School finance act	2,119,758	1,884,017
Earnings on investments	9	17
Total Revenue	2,226,917	1,884,034
Program Expenses		
Direct Instruction	1,156,777	2,138,016
Indirect Instruction	373,922	793,400
Custodial and Maintenance	135,146	157,158
Other Support Services	41,959	28,170
General Administration	28,945	27,698
Interest Expense Unallocated	38,595	-
Total Expenses	1,775,344	3,144,442
Change in Net Position	451,573	(1,260,408)
Net position beginning of year - restated	(3,542,223)	(2,281,815)
Net position end of year	$ (3,090,650)	$ (3,542,223)

Financial Analysis of the School's Funds

As noted earlier, The Connect Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview - The focus of the School's general 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 schools' net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's general fund reported an ending fund balance of $1,587,266, a decrease of $605,088.

General Fund Budgetary Highlights

The School's budget is prepared according to Colorado statutes.

For 2019 management appropriated $5,014,461 for general fund expenditures and other financing uses.

2019 General Fund Budget

	Original Budget	Final Budget	Actual
Revenues	$ 1,902,797	$ 1,890,966	$ 2,020,979
Expenditures	$ 3,517,037	$ 5,014,461	$ 4,051,777

Actual expenditures were less than the anticipated budget but greater than revenues, which caused the ending fund balance to decrease $1,955,088 over the prior year before transfers and other financing sources.

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2019 totals $921,415 (net of accumulated depreciation). This investment includes all buildings and improvements.

Major capital asset events during the current fiscal year include the purchase of the Connect school building and related financing.

Economic Factors and Next Year's Budget and Rates

The primary factor driving the budget for The Connect Charter School is student enrollment. Enrollment for the 2018-19 school year was 275. The enrollment project for the 2019-20 school year is expected to be approximately 275 again. This factor was considered when preparing the School's budget for 2019-20.

Requests for Information

This financial report is designed to provide a general overview of The Connect Charter School's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or for additional financial information should be addressed to: The Connect Charter School, HR/Finance Director, 104 East 7th Street, Pueblo, CO 81003.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
THE CONNECT CHARTER SCHOOL
June 30, 2019

		Governmental Activities
Assets		
Cash in bank and on hand		$ 90,091
Due from primary government		1,175,862
Prepaid expense		20,000
Assets held by primary government		494,068
Capital Assets - net of depreciation		2,253,142
	Total Assets	4,033,163
Deferred Outflow of Resources		
Related to OPEB		18,099
Related to pensions		1,665,924
	Total Deferred Outflow of Resources	1,684,023
Liabilities		
Accounts payable		14,560
Accrued salaries and P.E.R.A.		158,195
Long term liabilities:		
Compensated absences		73,007
Note payable		1,331,727
OPEB liability		173,281
Pension Liability		3,497,732
	Total Liabilities	5,248,502
Deferred Inflow of Resources		
Related to OPEB		2,820
Related to pensions		3,556,514
	Total Deferred Inflow of Resources	3,559,334
Net Position		
Invested in capital assets - net of debt		921,415
Restricted - Tabor Reserve		62,600
Unrestricted		(4,074,665)
	Total Net Position	$ (3,090,650)

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
THE CONNECT CHARTER SCHOOL
For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities					
Direct instruction	$ 1,156,777	$ 39	$ 24,648	$ 82,463	$ (1,049,627)
Indirect instruction	373,922	-	-	-	(373,922)
Custodial and maintenance	135,146	-	-	-	(135,146)
Other support services	41,959	-	-	-	(41,959)
General administration	28,945				(28,945)
Interest expense unallocated	38,595	-	-	-	(38,595)
Total Governmental Activities	1,775,344	39	24,648	82,463	(1,668,194)
General Revenues					
School finance act					2,119,758
Interest income					9
Other income					-
Total General Revenues					2,119,767
Changes in Net Position					451,573
Net Position - July 1 (restated)					(3,542,223)
Net Position - June 30					$ (3,090,650)

The accompanying notes to financial statements are an integral part of this statement.

GOVERNMENTAL FUND

FINANCIAL STATEMENTS

BALANCE SHEET
THE CONNECT CHARTER SCHOOL
June 30, 2019

		General Fund
Assets		
Cash in bank		$ 90,091
Due from primary government		1,175,862
Assets held by the primary government		494,068
	Total Assets	1,760,021
Liabilities		
Accounts payable		14,560
Accrued salaries and P.E.R.A.		158,195
Due to primary government		-
	Total Liabilities	172,755
Fund Balances		
Restricted - Tabor Reserve		62,600
Unassigned		1,524,666
	Total Fund Balances	1,587,266
	Total Liabilities and Fund Balances	$ 1,760,021

The accompanying notes to financial statements are an integral part of this statement.

RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
THE CONNECT CHARTER SCHOOL
June 30, 2019

Total Fund Balances - General Fund	$	1,587,266
Capital assets used by Connect School are not considered current financial resources and, therefore, are not reported in the governmental funds.		2,253,142
Expenditures for services which benefit future periods are treated as prepaid expenses and included in current assets in the government wide financial statements.		20,000
Long term liability for the note payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(1,331,727)
Long term liability for compensated absences are not due and payable in the current period and, therefore, are not reported in the government funds.		(73,007)
Deferred activity related to pension ($1,665,924) and OPEB ($18,099) assumptions are not recorded and included in the governmental funds.		1,684,023
Pension ($3,556,514) and OPEB ($2,820) contributions subsequent to plan measurement date are not included in the long term liability and are deferred.		(3,559,334)
The long-term liabilities for pension ($3,497,732) and OPEB ($173,281) are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(3,671,013)
Total Net Position - Government Activities	$	(3,090,650)

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

THE CONNECT CHARTER SCHOOL

June 30, 2019

	General Fund
Revenues	
State sources	$ 107,111
Other sources	48
Fund allocations	2,119,758
Total Revenues	2,226,917
Expenditures	
Direct instruction	1,228,578
Indirect instruction	432,817
Custodial and maintenance	142,306
Other support services	41,959
General administration	28,945
Capital outlay	2,250,532
Debt service	
Principal retirement	18,273
Interest	38,595
Total Expenditures	4,182,005
Excess of Revenues Over (Under) Expenditures	(1,955,088)
Other Financing Sources	
Proceeds from note payable	1,350,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(605,088)
Fund Balances - July 1 (Restated)	2,192,354
Fund Balances - June 30	$ 1,587,266

The accompanying notes to financial statements are an integral part of this statement.

RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

THE CONNECT CHARTER SCHOOL

For the year ended June 30, 2019

Total Change in Fund Balances - General Fund	$	(605,088)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($2,250,532) exceeds depreciation expense ($30,194).		2,220,338
Expenditures for services which benefit a future period are reported as prepaid expenses and included in current assets in the government wide statement of net position. In the governmental fund financial statements they are treated as expenditures when paid.		20,000
Retirements of principal outstanding on Connect's debt result in a reduction of accumulated resources on the fund financial statements. The government wide statements show these reductions against the long-term liability.		18,273
Some capital assets acquired this year were financed with a note payable. These amounts are reported in the governmental funds as a source of financing. On the other hand, these financing sources are not revenues in the statement of activities, but rather constitute a long-term liability in the statement of net assets.		(1,350,000)
In the government-wide statements accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts paid). Therefore, the change in the accrued compensated absences is recognized.		(8,126)
Net pension ($160,977 income) and OPEB ($4,801 expense) related items are reported in the statement of activity and do not require the use of current financial sources, and therefore, are not reported in the governmental funds.		156,176
Total Change in Net Position - Government Activities	$	451,573

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Connect Charter School (the "School") was formed pursuant to the Colorado Charter Schools Act to operate a charter school within the Pueblo County School District No. 70 (the "District") in the State of Colorado.

The accounting policies of the School conform to generally accepted accounting principles, as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

Based upon the application of this criteria, no additional organizations are included in the School's reporting entity. The School is a component unit of the Pueblo County School District #70. The School's charter is granted by the District and the majority of the School's funding is provided by the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentations

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Accounting
The accounts of the School are organized into one fund - the general fund.

General Fund
The General Fund records financial transactions for the current educational operations of the School. All revenues and expenditures are accounted for in this fund.

Cash and Cash Equivalents
The School considers all highly liquid investments with a maturity of three months or less when purchased, net of outstanding checks in excess of bank balance, to be cash equivalents.

Budgets and Budgetary Data
The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Formal budgetary accounting is employed by Pueblo County School District No. 70 as a management control for all funds, including The Connect Charter School. Annual operating budgets are adopted each fiscal year through the passage of an annual appropriation resolution. For each legally adopted budget, budgetary control exists at the total fund level.

b. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

c. All unencumbered budget appropriations lapse at the end of each fiscal year.

Capital Assets
All capital assets are capitalized at cost or estimated historical cost. Donated assets are recorded at fair market value at the time of donation. The costs of normal maintenance, repairs and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. The proceeds from the sale of assets used in the operations of the governmental fund types are recorded as revenues in the general fund. The School does not capitalize interest on the construction of capital assets. The School maintains a capitalization threshold of $5,000.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Depreciation is recorded starting in the month the asset is placed in service. Estimated useful lives are as follows:

	ESTIMATED USEFUL LIFE
Buildings and improvements	20 to 50 years
Furniture and fixtures	5 to 20 years
Automotive equipment	5 to 10 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflow / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Connect has two items that qualify for reporting under this category, OPEB related items and pension related items.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Connect has two items that qualify for reporting under this category, OPEB related items and pension related items. These items are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accounts Payable

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to June 30, 2019.

Compensated Absences

The Connect Charter School follows the Pueblo County School District No. 70's policy for compensated absences. The School District affords certain employees sick leave benefits which are vesting, accumulating rights and are carried forward to subsequent years. Payment of unused sick leave, or liability of the School District to the employee, if any, is payable only upon termination of an employee with ten years of continuous service to the District. The benefits are paid at varied rates applied to varied maximum accumulated days, depending on the employee group. The sick pay benefits are recognized at the time of the employee absence (i.e.: days off for sick leave) which is in accordance with generally accepted accounting principles for these on-going benefits.

The School District also affords certain employees vacation benefits. These benefits are earned based upon the length of service and accumulation is limited to a maximum of 40 days. Accrued vacation is paid to employees upon termination of employment.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Risk Management

The School is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The School carries commercial insurance for such risks, including workers' compensation. There were no settled claims from these risks during the fiscal year.

NOTE D - CASH DEPOSITS AND INVESTMENTS

Deposits

Colorado State statutes govern Connect's deposits of cash. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance (FDIC or FSLIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to the total uninsured deposits held by that institution. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pool.

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. The Schools's policy for custodial risk parallels Colorado statutes.

A summary of deposits held at year end follows:

Deposits	Carrying Amount	Less Than One Year	Less Than Five Years
Checking	$ 90,091	$ 90,091	$ -

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, banker's acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

Interest rate risk - The School's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing rates parallels Colorado statutes. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

Credit risk - The School does not have a policy that would further limit its choices beyond the requirements of Colorado statutes. The School had no investments at June 30, 2019.

NOTE E - CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended June 30, 2018:

	July 1, 2018	Additions	Deletions	June 30, 2019
Non-depreciable Assets:				
Land	$ -	$ 157,537	$ -	$ 157,537
Depreciable Assets:				
Bldg. and improvements	82,529	2,092,995	-	2,175,524
Less Accumulated Depreciation for:				
Bldg. and improvements	49,725	30,194	-	79,919
Total Capital Assets, Net	$ 32,804	$ 2,220,338	$ -	$ 2,253,142

Depreciation expense was charged to functions/ programs of the School as follows:

Direct instruction	$ 29,545
Custodial and maintenance	649
Total	$ 30,194

NOTE F - ACCRUED SALARIES AND P.E.R.A.

Salaries of certain contractually employed personnel are paid over a twelve month period, but are earned during the school year, a period of approximately nine months. The amounts representing accrued salaries are those earned through June 30, 2019, but not yet paid by the School. Accrued P.E.R.A. represents the School District's 20.4% contribution on the accrued salaries. At June 30, 2019 accrued salaries and P.E.R.A. have been recognized as a liability in the general fund.

The accrued salaries and P.E.R.A. at June 30, 2019 are:

Component Unit - Connect Charter School	$ 158,195

NOTE G - DEFINED BENEFIT PENSION PLAN

Summary of Significant Policies

Pensions

The Connect 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 accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

Pensions (Continued)
The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. 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.

- Increase employer contribution rates for the SCHDTF by .25 percent on July 1, 2019.
- Increase 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.

General Information about the Pension Plan

Plan Description
Eligible employees of the Connect Charter 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 the years of service credit.

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided as of December 31, 2017(Continued)

- 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.

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 the 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 the 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 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 of the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under 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 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 the service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions Provisions as of June 30, 2019

Eligible employees, Connect Charter 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 G - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions Provisions as of June 30, 2019 (Continued)

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer Contribution Rate	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208 (1)(f)	(1.02%)	(1.02%)
Amount apportioned to SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.5%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.5%	5.5%
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 CRS § 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 Connect Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Connect Charter School were $215,051 for the year ended June 30, 2019.

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. Connect's proportion of the net pension liability was based on Connect'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 Connect Charter School reported a liability 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 Connect 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 Connect were as follows:

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

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

Connect's proportionate share of the net pension liability	$	3,497,732
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with Connect		478,218
Total	$	3,975,950

At December 31, 2018, the Connect Charter School's proportion was .0197565362 percent, which was a decrease of .0019328755 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the Connect Charter School recognized pension expense of $78,720 and revenue of $24,647 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Connect Charter School reported deferred outflows of the resources and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 246,663	$ -
Changes of assumptions or other inputs	938,661	2,674,330
Net difference between projected and actual earnings on pension plan investments	375,364	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	882,184
Contributions subsequent to the measurement date	105,236	-
Total	$ 1,665,924	$ 3,556,514

$105,236 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		
2020	$	(392,038)
2021		(1,037,873)
2022		(639,348)
2023		73,433
	$	(1,995,826)

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:

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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;	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 before January 1, 2007	0% thorough 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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 females 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.

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Asset Class	Target Allocation	30 year Expected 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:

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (Continued)

- 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 3.5%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled incenses 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. 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 was 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 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.

NOTE G - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Connect Charter School 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%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 4,446,315	$ 3,497,732	$ 2,701,056

Pension Plan Fiduciary Net Position

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

NOTE H - DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description

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

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2019 Connect School had no program members contributing to the Voluntary Investment program.

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB

The Connect Charter 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 I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan

Plan Description

Eligible employees of the Connect Charter 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 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.

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

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

PERA Benefit Structure

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

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

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (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 Connect Charter School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Connect Charter School were $11,466 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 Connect Charter School reported a liability of $173,281 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. Connect's proportion of the net OPEB liability was based on Connect'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 Connect's proportion was .0128418522 percent, which was an increase of .000518012 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Connect Charter School recognized OPEB expense of $16,267. At June 30, 2019, the Connect Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 2,715	$ 705
Changes of assumptions or other inputs	5,370	-
Net difference between projected and actual earnings on OPEB plan investments	4,403	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	2,115
Contributions subsequent to the measurement date	5,611	-
Total	$ 18,099	$ 2,820

$5,611 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:

NOTE I - 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)

Year Ended		
2020	$	1,675
2021		1,675
2022		1,675
2023		1,675
2024		1,675
2025		1,293
	$	9,668

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%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net OPEB plan investment expense including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure::	
Service-based premium subsidy	0.00%
PERACare Medicare plan	5.00%
Medicare Part A premiums	3.25% for 2018, gradually rising to 5.00% in 2025

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.

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.

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions (Continued)

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
United Healthcare 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
United Healthcare 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.

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:

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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.

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.

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions (Continued)

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.

- 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:

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%	

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions (Continued)

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 Connect Charter School's Proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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	$ 168,496	$ 173,281	$ 178,785

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

NOTE I - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount Rate (Continued)
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 Connect Charter School 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	$ 193,886	$ 173,281	$ 155,665

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

NOTE J - NOTE PAYABLE AND OTHER LONG-TERM OBLIGATIONS

The Connect Charter School entered into a note payable agreement for the purchase of the building that is currently used for the charter school. The note term is for 10 years with interest at 5.75% per annum. Monthly payments are $9,478.00 for 120 months with one final balloon payment of $863,480.07. Other long term obligations include accrued compensated absences. A summary of the changes for the fiscal year follows:

	July 1, 2018	Additions	Retirements	June 30, 2019	Current Portion
Building	$ -	$ 1,350,000	$ 18,273	$ 1,331,727	$ 38,157
Compensated absences	64,881	8,126		73,007	-
Totals	$ 64,881	$ 1,358,126	$ 18,273	$ 1,404,734	$ 38,157

The note payable has the following minimum annual lease payments:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 38,157	$ 75,579	$ 113,736
2021	40,410	73,326	113,736
2022	42,795	70,941	113,736
2023	45,322	68,414	113,736
2024	47,998	65,738	113,736
2025 - 2029	1,117,045	258,247	1,375,292
Total	$ 1,331,727	$ 612,245	$ 1,943,972

NOTE K - INTERFUND TRANSACTIONS

Due From / To Primary Government:
The amount due from the primary government is $1,175,862 at June 30, 2019. The Charter School also has assets held in the capital reserve and insurance reserve funds maintained by the primary government.

NOTE L - FUND BALANCE

Government-wide Net Position:
Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position - consists of net position that is restricted by the School's creditors (for example, through debt covenants), by state enabling legislation (through restricts on shared revenues), by grantors (both federal and state), and by other contributors.

- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances
Fund balance categories are used to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the School's highest level of decision making authority, Board of Directors, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Directors.

- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The School will only report a positive unassigned fund balance.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is the School's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

NOTE L - FUND BALANCE (Continued)

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is the School's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

NOTE M - COMMITMENTS AND CONTINGENCIES

Tax, Revenue, Spending and Debt Limitation
In November, 1992 Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992, which for the School was the year ended June 30, 1994.

On November 4, 1997, the School passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the School, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1997 and thereafter. The School believes it is in compliance with the tax raising, revenue, spending, debt and other limitations.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies establish an "emergency reserve". To be used for declared emergencies only, each entity must reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended June 30, 2019, the School's reserve requirement was approximately $62,600 which represents 3% of fiscal year spending.

NOTE N - DEFICIT NET POSITION

The net position as reported in the government-wide financial statements is in a deficit position of $3,090,650 due to the School's share of the net pension liability of $3,497,732, and the net OPEB liability of $173,281.

NOTE O - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required to recognize the effects of the activity in the Capital Reserve Fund and Insurance Reserve Fund that benefits Connect Charter School.

	Fund Balance	Net position
Balances at June 30, 2018 (as originally stated)	$ 1,773,995	$ (3,960,582)
Capital Reserve and Insurance Fund equity at June 30, 2018	418,359	418,359
Balances at June 30,2018 (restated)	$ 2,192,354	$ (3,542,223)

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
THE CONNECT CHARTER SCHOOL
For the year ended June 30, 2019

	Budgeted Amount			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
State sources	$ -	$ -	$ 107,111	$ 107,111
Other sources	-	-	48	48
Fund allocations	1,902,797	1,890,966	2,119,758	228,792
Total Revenues	1,902,797	1,890,966	2,226,917	335,951
Expenditures				
Direct instruction	1,357,268	1,277,470	1,228,578	48,892
Indirect instruction	520,305	544,181	432,817	111,364
Custodial and maintenance	47,833	48,580	142,306	(93,726)
Other support services	27,856	27,356	41,959	(14,603)
General administration	-	-	28,945	(28,945)
Capital outlay	80,000	1,430,000	2,250,532	(820,532)
Debt Service				
Principal retirement	-	-	18,273	(18,273)
Interest	-	-	38,595	(38,595)
Contingency	1,483,775	1,686,874	-	1,686,874
Total Expenditures	3,517,037	5,014,461	4,182,005	832,456
Excess of Revenues Over (Under) Expenditures	(1,614,240)	(3,123,495)	(1,955,088)	1,168,407
Other Financing Sources				
Proceeds from capital lease	-	1,350,000	1,350,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,614,240)	(1,773,495)	(605,088)	1,168,407
Fund Balances - July 1 (Restated)	1,614,240	1,773,495	2,192,354	418,859
Fund Balances - June 30	$ -	$ -	$ 1,587,266	$ 1,587,266

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE -
SCHOOL DIVISION TRUST FUND
THE CONNECT CHARTER SCHOOL
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013
School's proportion (percentage) of the net pension liability	0.0197565362%	0.0216894117%	0.0210779492%	0.0210269756%	0.0203314245%	0.0238526492%
School's proportionate share of the net pension liability	$ 3,497,732	$ 7,012,752	$ 6,274,888	$ 3,215,095	$ 2,755,184	$ 3,042,399
School's covered payroll	$ 1,086,123	$ 1,007,187	$ 988,197	$ 927,496	$ 888,415	$ 907,305
School's proportionate share of the net pension liability as a percentage of covered payroll	322.04%	696.27%	634.98%	346.64%	310.12%	335.32%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.96%	43.60%	59.20%	62.80%	64.06%

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

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

SCHEDULE OF SCHOOL'S CONTRIBUTIONS - SCHOOL DIVISION TRUST FUND

THE CONNECT CHARTER SCHOOL

Last 10 Fiscal Years

	2019	2018	2017
Statutorily required contributions	$ 218,854	$ 186,395	$ 181,687
Contributions in relation to the statutorily required contributions	218,854	186,395	181,687
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 1,086,123	$ 1,007,187	$ 988,197
Contribution as a percentage of covered payroll	20.15%	18.51%	18.39%

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

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

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

THE CONNECT CHARTER SCHOOL

Last 10 Fiscal Years

	2018	2017	2016
School's proportion (percentage) of the net OPEB liability	0.01284%	0.01232%	0.01198%
School's proportionate share of the net pension liability	$ 173,281	$ 160,334	$ 155,337
School's covered payroll	$ 1,086,123	$ 1,000,507	$ 946,016
School's proportionate share of the net pension liability as a percentage of covered payroll	15.95%	16.02%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	17.03%	17.53%	16.72%

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

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

SCHEDULE OF SCHOOL'S CONTRIBUTIONS - HEALTH CARE TRUST FUND

THE CONNECT CHARTER SCHOOL

Last 10 Fiscal Years

	2019	2018	2017
Statutorily required contributions	$ 11,078	$ 10,273	$ 10,079
Contributions in relation to the statutorily required contributions	11,078	10,273	10,079
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 1,086,123	$ 1,007,187	$ 988,197
Contribution as a percentage of covered payroll	1.02%	1.02%	1.02%

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

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.