

COLLEGIATE ACADEMY OF COLORADO

BASIC FINANCIAL STATEMENTS

June 30, 2015

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Collegiate Academy of Colorado
Littleton, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements the governmental activities and each major fund of Collegiate Academy of Colorado, component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy'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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Collegiate Academy of Colorado, as of June 30, 2015, and the respective changes in financial position thereof 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, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 24-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Luttler & Associates, LLC

November 20, 2015

Management's Discussion and Analysis

As management of Collegiate Academy of Colorado (Collegiate or School), we offer readers of Collegiate's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

At the close of its 20th year of operation, the net position of Collegiate was (\$4,632,623) which was a decrease primarily due to the implementation of GASB No. 68 pension requirements requiring the inclusion of the School's net pension liability of \$4,372,668. At the close of the fiscal year Collegiate's governmental funds reported a combined ending fund balance of \$213,412 for General Fund and \$724,405 for the Building Foundation, a total increase of \$335,093 from the prior year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Collegiate's basic financial statements. Collegiate'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 Collegiate's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Collegiate's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Collegiate is improving or deteriorating.

The statement of activities presents information showing how the 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 Collegiate supported primarily by per pupil revenue (PPR) or property, income, and sales taxes passed through from the District received from the County and State. The governmental activities of Collegiate include instruction and supporting expenses.

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. Collegiate, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Collegiate are governmental 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.

Collegiate maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Building Foundation which are considered to be major.

Collegiate adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. In addition to the general fund, annual appropriations were made for the grants fund and building corporation.

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 6-23.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Collegiate, net position was (\$4,632,623) at the close of the most recent fiscal year.

Collegiate Academy's Net Position

	Governmental Activities	Governmental Activities
	<u>30-Jun-15</u>	<u>30-Jun-14</u>
Cash and Investments	251,484	1,000
Restricted Cash and Investments	809,869	802,336
Other Assets	4,979	-
Capital Assets, Not Depreciated	1,643,591	964,930
Capital Assets, Depreciated	<u>2,922,980</u>	<u>3,096,246</u>
Total Assets	<u>5,632,903</u>	<u>4,864,542</u>
<u>Deferred Outflow of Resources</u>		
Related to Pensions	218,967	-
Deferred Costs	<u>174,777</u>	<u>185,647</u>
Total Deferred Outflows of Resources	<u>393,744</u>	<u>185,647</u>
Account Payable	1,785	3,542
Accrued Salaries/Benefits	125,430	119,694
Accrued Interest	12,717	13,733
Due to the District	-	75,496
Unearned Revenues	1,300	1,910
Noncurrent Liabilities	<u>10,490,720</u>	<u>6,364,180</u>
Total Liabilities	10,631,952	6,578,555
Deferred Inflows of Resources	27,318	-

Net Position

Net Investment in Capital Assets,	(1,376,704)	(2,117,357)
Restricted for Emergencies –Tabor	85,464	79,845
Restricted for Debt Service	724,405	722,521
Unrestricted for Emergencies	<u>(4,065,788)</u>	<u>(213,375)</u>
Total Net Position	(\$4,632,623)	(\$1,528,366)

**Collegiate Academy’s Change in Net Position
For the Years Ended June 30, 2015 and June 30, 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Program Revenue:		
Charges for Services	60,091	75,184
Operating Grants and Contributions	114,244	102,776
Capital Grants and Contributions	<u>35,493</u>	<u>35,493</u>
Total Program Revenue	<u>209,828</u>	<u>213,453</u>
General Revenue:		
Per Pupil Operating Revenue	3,133,810	2,979,116
Mill Levy Override	421,227	92,175
Investment Earnings	96	96
Other	101,915	72,606
Capital Transfer from the District	<u>0</u>	<u>314,930</u>
Total General Revenue	<u>3,657,048</u>	<u>3,458,923</u>

Expenses:

Current:

Instruction	1,702,529	1,414,081
Supporting Services	908,200	1,681,079
Interest and Fiscal Charges	<u>316,184</u>	<u>335,290</u>
Total Expenses	<u>2,926,913</u>	<u>3,430,450</u>
Increase (Decrease) in Net Position	939,963	241,926
Beginning Net Position, June 30, as restated	<u>(5,572,586)</u>	<u>(1,770,292)</u>
Ending Net Position, June 30	<u>(4,632,623)</u>	<u>(1,528,366)</u>

Financial Analysis of the Government's Funds

As noted earlier, Collegiate uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Collegiate's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Collegiate's financing requirements. In particular, unassigned 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, 2015, the School's governmental funds reported a combined ending fund balance of \$937,817 an increase of \$335,093.

General Fund Budgetary Highlights

In FY15, the School made significant progress in restoring financial stability after securing a line of credit from the Jefferson County Board of Education in FY14 to address a projected budget shortfall that year. This shortfall was reduced from a projected \$255,000 to approximately \$75,000 by the end of FY14, and the line of credit was repaid in full on July 1, 2015. Management continued to build upon this momentum in alignment with the School's strategic plan.

Strong increases were realized in building rental revenues in FY15, while salary and benefits, purchased services, and materials and supplies were all held below budgeted levels. Positive trends in state funding as well as increases in district sharing of mill levy override funds also contributed to a positive financial environment in FY15.

Consequently, no borrowing against the district-approved line of credit occurred in FY15, and a healthy reserve was built over the course of the fiscal year. The School closed FY15 with an unassigned General Fund fund balance of \$127,948 with all bond covenants met and after state TABOR reserve requirements were deducted.

Enrollment for FY15 based on the official October Count was 371.5 student FTEs. Projections for FY16 anticipate a decrease of approximately 20-25 student FTEs based on a high number of families relocating from the area at the end of FY15.

Capital Asset and Debt Administration

Capital Assets. Collegiate Academy's investment in capital assets increased \$505,395 during the year due to building improvement despite depreciation resulting in year-end net capital assets of \$4,566,571.

Long-Term Debt

Collegiate Academy is in a long term lease agreement with Collegiate Building Corporation ending in 2031. This year's lease payment was \$240,000 principal and \$319,038 interest.

Economic Factors and Next Year's Budget

Several economic factors favorably impact the School's financial position moving into FY16. Increases both in charter school capital construction funding, as well as state per pupil funding are anticipated in FY16. The Jefferson County School District approved equal distribution of voter-approved Mill Levy funds to charter school, building upon gradual mill levy increases in FY15. Management has continued to pursue managed growth focused on the lower grades, and the school has maintained both a strong Kindergarten program and a high retention rate from Kindergarten to Grade 1.

Requests for Information

This financial report is designed to provide a general overview of Collegiate's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Collegiate Academy, Attn: Business Manager, 8420 S. Sangre de Cristo Rd, Littleton, CO 80127.

BASIC FINANCIAL STATEMENTS

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF NET POSITION

As of June 30, 2015

	Governmental Activities	
	2015	2014
ASSETS		
Cash and Investments	\$ 251,484	\$ 1,000
Restricted Cash and Investments	809,869	802,366
Accounts Receivable	4,979	-
Capital Assets, Not Depreciated	1,643,591	964,930
Capital Assets, Depreciated, Net of Accumulated Depreciation	2,922,980	3,096,246
TOTAL ASSETS	5,632,903	4,864,542
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Costs	174,777	185,647
Related to Pensions	218,967	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	393,744	185,647
LIABILITIES		
Accounts Payable	1,785	3,542
Accrued Salaries and Benefits	125,430	119,694
Accrued Interest	12,717	13,733
Due to the District	-	75,496
Unearned Revenues	1,300	1,910
Noncurrent Liabilities		
Capital Lease		
Due in One Year	255,000	240,000
Due in More Than One Year	5,863,052	6,124,180
Net Pension Liability	4,372,668	-
TOTAL LIABILITIES	10,631,952	6,578,555
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	27,318	-
NET POSITION		
Net Investment in Capital Assets	(1,376,704)	(2,117,357)
Restricted for Emergencies	85,464	79,845
Restricted for Debt Service	724,405	722,521
Unrestricted	(4,065,788)	(213,375)
TOTAL NET POSITION	\$ (4,632,623)	\$ (1,528,366)

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

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenues and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2015	2014
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	\$ 1,702,529	\$ 60,091	\$ 76,373	\$ -	\$ (1,566,065)	\$ (1,279,488)
Supporting Services	908,200	-	37,871	35,493	(834,836)	(1,602,219)
Interest on Long-Term Debt	316,184	-	-	-	(316,184)	(335,290)
Total Governmental Activities	<u>\$ 2,926,913</u>	<u>\$ 60,091</u>	<u>\$ 114,244</u>	<u>\$ 35,493</u>	(2,717,085)	(3,216,997)
GENERAL REVENUES						
					3,133,810	2,979,116
					421,227	92,175
					96	96
					101,915	72,606
SPECIAL ITEM						
					-	314,930
TOTAL GENERAL REVENUES					<u>3,657,048</u>	<u>3,458,923</u>
CHANGE IN NET POSITION					939,963	241,926
NET POSITION, Beginning, As Restated					<u>(5,572,586)</u>	<u>(1,770,292)</u>
NET POSITION, Ending					<u>\$ (4,632,623)</u>	<u>\$ (1,528,366)</u>

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

COLLEGIATE ACADEMY OF COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL	BUILDING	TOTALS	
	FUND	FOUNDATION	2015	2014
ASSETS				
Cash and Investments	\$ 251,484	\$ -	\$ 251,484	\$ 1,000
Restricted Cash and Investments	85,464	724,405	809,869	802,366
Accounts Receivable	4,979	-	4,979	-
TOTAL ASSETS	<u>\$ 341,927</u>	<u>\$ 724,405</u>	<u>\$ 1,066,332</u>	<u>\$ 803,366</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,785	\$ -	\$ 1,785	\$ 3,542
Accrued Salaries and Benefits	125,430	-	125,430	119,694
Due to the District	-	-	-	75,496
Unearned Revenues	1,300	-	1,300	1,910
TOTAL LIABILITIES	<u>128,515</u>	<u>-</u>	<u>128,515</u>	<u>200,642</u>
FUND BALANCES				
Restricted for Emergencies	85,464	-	85,464	79,845
Restricted for Debt Service		724,405	724,405	722,521
Unassigned	127,948	-	127,948	(199,642)
TOTAL FUND BALANCES	<u>213,412</u>	<u>724,405</u>	<u>937,817</u>	<u>602,724</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 341,927</u>	<u>\$ 724,405</u>		

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 therefore, are not reported in the funds.

4,566,571 4,061,176

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of the building lease (\$6,020,000), bond premium, net of amortization (\$98,052), deferred costs, net of amortization \$174,777, and accrued interest (\$12,717)

(5,955,992) (6,192,266)

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of net pension liability of (\$4,372,668), deferred outflows related to pensions of \$218,967, and deferred inflows related to pensions of (\$27,318).

(4,181,019) -

Net position of governmental activities

\$ (4,632,623) \$ (1,528,366)

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

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	GENERAL FUND	BUILDING FOUNDATION	TOTALS	
			2015	2014
REVENUES				
Local Sources	\$ 3,195,926	\$ 559,084	\$ 3,755,010	\$ 3,262,544
State Sources	111,866	-	111,866	94,902
TOTAL REVENUES	<u>3,307,792</u>	<u>559,084</u>	<u>3,866,876</u>	<u>3,357,446</u>
EXPENDITURES				
Current				
Instruction	1,593,361	-	1,593,361	1,414,081
Supporting Services	1,381,222	-	1,381,222	1,505,427
Debt Service				
Principal	-	240,000	240,000	265,000
Interest	-	317,200	317,200	330,537
TOTAL EXPENDITURES	<u>2,974,583</u>	<u>557,200</u>	<u>3,531,783</u>	<u>3,515,045</u>
NET CHANGE IN FUND BALANCES	333,209	1,884	335,093	(157,599)
FUND BALANCES, Beginning	<u>(119,797)</u>	<u>722,521</u>	<u>602,724</u>	<u>760,323</u>
FUND BALANCES, Ending	<u>\$ 213,412</u>	<u>\$ 724,405</u>	<u>\$ 937,817</u>	<u>\$ 602,724</u>

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

COLLEGIATE ACADEMY OF COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 335,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$694,635 exceeded depreciation expense of (\$174,326), and loss on disposal of (\$14,914) for the year.	505,395
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include lease payments of \$240,000, amortization of bond premium \$6,128, amortization of deferred costs (\$10,870), and change in accrued interest \$1,016.	236,274
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>(136,799)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 939,963</u></u>

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

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collegiate Academy of Colorado (the “Academy”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 of the State of Colorado.

The accounting policies of the Academy 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 Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy 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 Academy.

The Academy includes the Collegiate Academy of Colorado Building Foundation (the “Building Foundation”) within its reporting entity. The Building Foundation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Academy’s facilities. The Building Foundation is blended into the Academy’s financial statements as a Debt Service Fund. Separate financial statements are not available for this entity. The Academy is a component unit of Jefferson County School District No. R-1.

Government-Wide and Fund Financial Statements

The Academy's financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Academy. 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 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.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 Academy.

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 Academy's policy to use restricted resources first and the unrestricted resources as they are needed.

The Academy reports the following major governmental funds:

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

Building Foundation – This fund is used to account for the debt service activities of the Academy.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives; buildings 30 years, equipment 7 years.

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 of resources. This separate financial statement element, deferred outflows 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 the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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. 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.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

- Investment in Capital Assets is intended to reflect the portion of net position which are 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 are liquid assets, which have third party limitations on their use.
- Unrestricted Net Position represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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 Academy 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:

- 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 Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Academy has also classified the Building Foundation fund balance as restricted as is required by the bond agreements.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position

- 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 Academy did not have any committed resources as of June 30, 2015.
- 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 Academy 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 fund balance.

Compensated Absences

The Academy's policy allows employees to accumulate sick leave. Upon termination of employment, no financial compensation is paid for unused sick days. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Risk Management

The Academy 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 District carries commercial insurance for these risks of loss, and bills the Academy for its portion of coverage. Settled claims have not exceeded coverage in the last three years.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Academy 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 prior to June 30. 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.

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 1,000
Pooled Cash with the District	335,948
Investments	<u>724,405</u>
Total Cash and Investments	<u>\$ 1,061,353</u>

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 3: CASH AND INVESTMENTS (Continued)

Cash and Investments are reported in the financial statements as follows:

Cash and Investments	\$ 251,484
Restricted Cash and Investments	<u>809,869</u>
Total	<u>\$ 1,061,353</u>

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, 2015, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy 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 Academy has no policy regarding custodial credit risk for deposits as the deposits are maintained by the District. The District had no deposits as of June 30, 2015.

Pooled Cash with the District

Cash deposits are pooled with the Academy cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2015 the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled \$335,948.

Investments

Interest Rate Risk

The Academy 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. However, the Academy is required to follow the investment policy of the District.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSROs"). At June 30, 2015, the Foundation had \$724,405 invested in a money market fund that was rated AAAM by Standard & Poor's and Aaa-mf by Moody's Investors Service.

The Academy has no policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Cash and Investments of \$724,405 are restricted in the Building Foundation Fund for project costs and bond reserves. Cash in the amount of \$85,464 is also restricted in the General Fund as an emergency reserve related to the TABOR amendment.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2015 is summarized below.

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 650,000	\$ -	\$ -	\$ 650,000
Construction in Progress	<u>314,930</u>	<u>678,661</u>	<u>-</u>	<u>993,591</u>
Total Capital Assets, not depreciated	<u>964,930</u>	<u>678,661</u>	<u>-</u>	<u>1,643,591</u>
Capital Asset, depreciated				
Building	5,123,924	-	-	5,123,924
Equipment	<u>15,251</u>	<u>15,974</u>	<u>19,885</u>	<u>11,340</u>
Total Capital Assets, depreciated	<u>5,139,175</u>	<u>15,974</u>	<u>19,885</u>	<u>5,135,264</u>
Accumulated Depreciation				
Building	2,027,932	172,698	-	2,200,630
Equipment	<u>14,997</u>	<u>1,628</u>	<u>4,971</u>	<u>11,654</u>
Total Accumulated Depreciation	<u>2,042,929</u>	<u>174,326</u>	<u>4,971</u>	<u>2,212,284</u>
Capital Assets, depreciated, net	<u>3,096,246</u>	<u>(158,352)</u>	<u>14,914</u>	<u>2,922,980</u>
Total Capital Assets	<u>\$ 4,061,176</u>	<u>\$ 520,309</u>	<u>\$ 14,914</u>	<u>\$ 4,566,571</u>

Depreciation has been charged to the Supporting Services Program of the Academy.

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 a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2015, were \$125,430 in the General Fund.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 6: LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2015:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2015</u>	Due In <u>One Year</u>
Building Lease	\$ 6,260,000	\$ -	\$ 240,000	\$ 6,020,000	\$ 255,000
Premium	<u>104,180</u>	<u>-</u>	<u>6,128</u>	<u>98,052</u>	<u>-</u>
Total	<u>\$ 6,364,180</u>	<u>\$ -</u>	<u>\$ 246,128</u>	<u>\$ 6,118,052</u>	<u>\$ 255,000</u>
Building Lease					

In May, 2004, the Colorado Educational and Facilities Authority (CECFA) issued \$8,195,000 Charter School Revenue Bonds, Series 2004. Proceeds from the bonds were used to refund the CECFA Charter School Revenue Bonds Series 2002, which were used to construct the Academy's building. The Academy is required to make equal lease payments to the Building Foundation for use of the buildings. The Building Foundation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at rates ranging from 2% to 5.25%. The bonds mature in June 2031.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 255,000	\$ 307,037	\$ 562,037
2017	270,000	294,287	564,287
2018	285,000	280,788	565,788
2019	295,000	266,538	561,538
2020	310,000	251,787	561,787
2021 – 2025	1,800,000	997,225	2,797,225
2026 – 2030	2,300,000	492,000	2,792,000
2031	<u>505,000</u>	<u>27,000</u>	<u>532,000</u>
Total	<u>\$ 6,020,000</u>	<u>\$ 2,916,662</u>	<u>\$ 8,936,662</u>

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

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

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

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

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

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.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

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

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
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	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF ¹	16.43%	17.33%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF Academy were \$246,918 for the year ended June 30, 2015.

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

At June 30, 2015 the Academy reported a liability of \$4,372,668 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the Academy's proportion was 0.03226%, which was an increase of 0.00193% from its proportion measured as of December 31, 2013.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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)

For the year ended June 30, 2015 the Academy recognized pension expense of \$379,413. At June 30, 2015, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$ 326
Net difference between projected and actual earnings on pension plan investments	\$ 100,557	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$ 26,992
Contributions subsequent to the measurement date	\$ 118,410	N/A
Total	\$ 218,967	\$ 27,318

\$118,410 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, 2016. 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, 2015	
2016	\$ 15,021
2017	\$ 15,022
2018	\$ 18,057
2019	\$ 25,139

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90%-10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using 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.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target 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	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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)

Sensitivity of the Academy'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 7.50%, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 5,765,762	\$ 4,372,668	\$ 3,206,624

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The Academy is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Academy are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014 and 2013, the Academy's employer contribution to the HCTF was \$13,855, \$13,238, and \$15,201, respectively, equal to their required contribution for each year.

COLLEGIATE ACADEMY OF COLORADO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy 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 Academy may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

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 Academy believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2015, the reserve of \$85,464 was recorded as a reservation of fund balance in the General Fund. The District also holds \$85,464 in pooled cash on behalf of the Academy for this reserve.

NOTE 9: RESTATEMENT OF NET POSITION

The Beginning Net Position of the Government Type Activities was decreased by \$4,044,220 to (\$5,572,586) as the Academy implemented Governmental Accounting Standards Board Statement (GASB) No. 68.

NOTE 10: DEFICIT NET POSITION

The Net Position of the government type activities is in a deficit position of \$4,674,886 due to the Academy including the Net Pension Liability per GASB No. 68 and the inclusion of the long-term debt related to non-capital improvements.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGIATE ACADEMY OF COLORADO

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2015

	2015			VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 2,696,560	\$ 3,050,304	\$ 2,574,726	\$ (475,578)	\$ 2,418,609
Mill Levy Override	-	-	421,227	421,227	92,175
Charges for Services	62,722	72,182	60,091	(12,091)	75,184
Donations	25,000	25,000	37,871	12,871	43,367
Other	63,300	94,500	102,011	7,511	72,702
State Sources					
Grants and Donations	36,062	62,989	111,866	48,877	94,902
 TOTAL REVENUES	 2,883,644	 3,304,975	 3,307,792	 2,817	 2,796,939
EXPENDITURES					
Salaries	1,462,753	1,535,655	1,475,139	60,516	1,409,701
Employee Benefits	372,576	395,510	366,543	28,967	339,967
Purchased Services	1,121,656	1,099,336	1,065,522	33,814	1,104,028
Supplies and Materials	72,685	78,850	67,379	11,471	65,812
 TOTAL EXPENDITURES	 3,029,670	 3,109,351	 2,974,583	 134,768	 2,919,508
 NET CHANGE IN FUND BALANCE	 (146,026)	 195,624	 333,209	 137,585	 (122,569)
FUND BALANCE, Beginning	-	(119,797)	(119,797)	-	2,772
FUND BALANCE, Ending	\$ (146,026)	\$ 75,827	\$ 213,412	\$ 137,585	\$ (119,797)

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

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

Years Ended December 31,

	<u>2013</u>	<u>2014</u>
School's proportionate share of the Net Pension Liability	0.0030%	0.0032%
School's proportionate share of the Net Pension Liability	\$ 4,152,076	\$ 4,372,668
School's covered-employee payroll	\$ 1,299,081	\$ 1,336,582
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	319.6%	327.2%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015
Statutorily required contributions	\$ 221,604	\$ 246,918
Contributions in relation to the Statutorily required contributions	221,604	246,918
Contribution deficiency (excess)	\$ -	\$ -
School's covered-employee payroll	\$ 1,297,853	\$ 1,358,344
Contributions as a percentage of covered-employee payroll	17.07%	18.18%

See the accompanying independent auditors' report.