COLLEGIATE ACADEMY OF COLORADO

BASIC FINANCIAL STATEMENTS

June 30, 2016

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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, 2016, 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, 2016, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 26-28 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 Cutler & Associates, LLC

November 3, 2016

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, 2016.

Financial Highlights

At the close of its 21st year of operation, the net position of Collegiate was ($4,546,795) which was an increase from 2015 of $85,828. At the close of the fiscal year Collegiate's governmental funds reported a combined ending fund balance of $412,568 for General Fund and $726,531 for the Building Foundation, a total increase of $201,282 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 6-25.

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 ($4,546,795) at the close of the most recent fiscal year.

Collegiate Academy's Net Position

	Governmental Activities	Governmental Activities
	30-Jun-16	30-Jun-15
Cash and Investments	1,280,282	1,061,353
Other Assets	-	4,979
Capital Assets, Not Depreciated	650,000	1,643,591
Capital Assets, Depreciated	3,750,504	2,922,980
Total Assets	5,680,786	5,632,903
Deferred Outflow of Resources		
Related to Pensions	601,953	218,967
Deferred Costs	163,907	174,777
Total Deferred Outflows of Resources	765,860	393,744
Account Payable	5,862	1,785
Accrued Salaries/Benefits	133,471	125,430
Accrued Interest	12,185	12,717
Unearned Revenues	1,850	1,300
Noncurrent Liabilities	10,688,627	10,490,720
Total Liabilities	10,841,995	10,631,952
Deferred Inflows – Related to Pensions	151,446	27,318
Net Investment in Capital Assets,	(1,292,513)	(1,376,704)
Restricted for Emergencies –Tabor	80,410	85,464
Restricted for Debt Service	726,531	724,405
Unrestricted for Emergencies	(4,061,223)	(4,065,788)
Total Net Position	($4,546,795)	($4,632,623)

Collegiate Academy's Change in Net Position
For the Years Ended June 30, 2016 and June 30, 2015

	June 30, 2016	June 30, 2015
Program Revenue:		
Charges for Services	134,689	60,091
Operating Grants and Contributions	86,582	114,244
Capital Grants and Contributions	86,646	35,493
Total Program Revenue	307,917	209,828
General Revenue:		
Per Pupil Operating Revenue	2,388,525	3,133,810
Mill Levy Override	464,757	421,227
Investment Earnings	101	96
Other	10,259	101,915
Total General Revenue	2,863,642	3,657,048
Expenses:		
Current:		
Instruction	1,598,741	1,702,529
Supporting Services	1,182,322	908,200
Interest and Fiscal Charges	304,668	316,184
Total Expenses	3,085,731	2,926,913
Increase (Decrease) in Net Position	85,828	939,963
Beginning Net Position, June 30, as restated	(4,632,623)	(5,572,586)
Ending Net Position, June 30	(4,546,795)	(4,632,623)

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, 2016, the School's governmental funds reported a combined ending fund balance of $1,139,099, which represents an increase of $201,282.

General Fund Budgetary Highlights

In FY16, the School continued to build upon progress in FY15 to stabilize finances and establish significant reserves, following financial challenges in FY14. Financial positioning improved to the point that Management was comfortable canceling the line of credit extended by the Jefferson County Board of Education in FY14 to address a projected budget shortfall that year. Though the line of credit was already repaid in full on July 1, 2015, Management recommended, and the School's Board of Directors approved, the early closure on October 1, 2015 of the line of credit scheduled to expire in January of 2019.

Total revenues in FY16 beat projections by approximately 3% thanks to conservative enrollment projections and better than anticipated per pupil and mill levy override revenues. At the same time, salary expenses, which account for the School's largest spending category, were held 3% below budget. Expenditures on purchased services and materials/supplies were similarly held below budgeted levels, at 97% and 84%, respectively. By beating revenue projections and holding down costs, Management was able to create a very healthy reserve over the course of the fiscal year. The School closed FY16 with an unassigned General Fund balance of $332,158 with all bond covenants met and after state TABOR reserve requirements were deducted. This unrestricted forward balance at the end of FY16 represents a healthy 43.3 days cash on hand, well within accepted best practice for charter schools of 30-60 days cash on hand.

Enrollment for FY16 based on the official October Count was 332 student FTEs. Projections for FY17 suggest a stabilization and slight increase in enrollment to 335 FTEs. Management has continued a successful strategy of focusing recruitment efforts on building capacity and enrollment in the Elementary grades, which will matriculate into the Middle and High School grades. Successful retention of these students will substantially increase overall enrollment in the coming years.

Capital Asset and Debt Administration

Capital Assets. Collegiate Academy's investment in capital assets decreased $166,067 during the year due to depreciation resulting in year-end net capital assets of $4,400,504.

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 $255,000 principal and $307,037 interest.

Economic Factors and Next Year's Budget

Current economic conditions suggest a favorable trend with respect to the School's financial position moving into FY17. Slight increases in state per pupil revenues were secured for FY16 in the legislature, while charter school capital construction funding also was increased significantly. Equal distribution of voter-approved Mill Levy funds to charter schools was maintained in FY16, a policy change enacted by the Jefferson County Board of Education in FY15. The Jefferson County School District is requesting from voters an increase to the current Mill Levy Override on the November 2016 ballot, which would also be shared equally with charter schools. In addition, the District is requesting voter approval for bond dollars on the same ballot which would support capital needs, including a proportional allocation for charter schools to support building repair, renovation and additions.

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, 2016

	Governmental Activities	
	2016	2015
ASSETS		
Cash and Investments	$ 473,341	$ 251,484
Restricted Cash and Investments	806,941	809,869
Accounts Receivable	-	4,979
Capital Assets, Not Depreciated	650,000	1,643,591
Capital Assets, Depreciated, Net of Accumulated Depreciation	3,750,504	2,922,980
TOTAL ASSETS	5,680,786	5,632,903
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Costs	163,907	174,777
Related to Pensions	601,953	218,967
TOTAL DEFERRED OUTFLOWS OF RESOURCES	765,860	393,744
LIABILITIES		
Accounts Payable	5,862	1,785
Accrued Salaries and Benefits	133,471	125,430
Accrued Interest	12,185	12,717
Unearned Revenues	1,850	1,300
Noncurrent Liabilities		
Capital Lease		
Due in One Year	270,000	255,000
Due in More Than One Year	5,586,924	5,863,052
Net Pension Liability	4,831,703	4,372,668
TOTAL LIABILITIES	10,841,995	10,631,952
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	151,446	27,318
NET POSITION		
Net Investment in Capital Assets	(1,292,513)	(1,376,704)
Restricted for Emergencies	80,410	85,464
Restricted for Debt Service	726,531	724,405
Unrestricted	(4,061,223)	(4,065,788)
TOTAL NET POSITION	$ (4,546,795)	$ (4,632,623)

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

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

		PROGRAM REVENUES			Net (Expense) Revenues and Change in Net Position	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2016	2015
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 1,598,741	$ 134,689	$ 60,104	$ -	$ (1,403,948)	$ (1,566,065)
Supporting Services	1,182,322	-	26,478	86,646	(1,069,198)	(834,836)
Interest on Long-Term Debt	304,668	-	-	-	(304,668)	(316,184)
Total Governmental Activities	$ 3,085,731	$ 134,689	$ 86,582	$ 86,646	(2,777,814)	(2,717,085)
		GENERAL REVENUES				
		Per Pupil Revenue			2,388,525	3,133,810
		Mill Levy Override			464,757	421,227
		Interest			101	96
		Other			10,259	101,915
		TOTAL GENERAL REVENUES			2,863,642	3,657,048
		CHANGE IN NET POSITION			85,828	939,963
		NET POSITION, Beginning			(4,632,623)	(5,572,586)
		NET POSITION, Ending			$ (4,546,795)	$ (4,632,623)

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

COLLEGIATE ACADEMY OF COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND	BUILDING FOUNDATION	TOTALS 2016	TOTALS 2015
ASSETS				
Cash and Investments	$ 473,341	$ -	$ 473,341	$ 251,484
Restricted Cash and Investments	80,410	726,531	806,941	809,869
Accounts Receivable	-	-	-	4,979
TOTAL ASSETS	$ 553,751	$ 726,531	$ 1,280,282	$ 1,066,332
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 5,862	$ -	$ 5,862	$ 1,785
Accrued Salaries and Benefits	133,471	-	133,471	125,430
Unearned Revenues	1,850	-	1,850	1,300
TOTAL LIABILITIES	141,183	-	141,183	128,515
FUND BALANCES				
Restricted for Emergencies	80,410	-	80,410	85,464
Restricted for Debt Service		726,531	726,531	724,405
Unassigned	332,158	-	332,158	127,948
TOTAL FUND BALANCES	412,568	726,531	1,139,099	937,817
TOTAL LIABILITIES AND FUND BALANCES	$ 553,751	$ 726,531		

	2016	2015
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.	4,400,504	4,566,571
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 ($5,765,000), bond premium, net of amortization ($91,924), deferred costs, net of amortization $163,907 and accrued interest ($12,185)	(5,705,202)	(5,955,992)
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 ($4,831,703), deferred outflows related to pensions of $601,953, and deferred inflows related to pensions of ($151,446).	(4,381,196)	(4,181,019)
Net position of governmental activities	$ (4,546,795)	$ (4,632,623)

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, 2016

	GENERAL FUND	BUILDING FOUNDATION	TOTALS 2016	TOTALS 2015
REVENUES				
Local Sources	$ 2,462,483	$ 562,326	$ 3,024,809	$ 3,755,010
State Sources	146,750	-	146,750	111,866
TOTAL REVENUES	2,609,233	562,326	3,171,559	3,866,876
EXPENDITURES				
Current				
Instruction	1,450,609	-	1,450,609	1,593,361
Supporting Services	959,468	-	959,468	1,381,222
Debt Service				
Principal	-	255,000	255,000	240,000
Interest	-	305,200	305,200	317,200
TOTAL EXPENDITURES	2,410,077	560,200	2,970,277	3,531,783
NET CHANGE IN FUND BALANCES	199,156	2,126	201,282	335,093
FUND BALANCES, Beginning	213,412	724,405	937,817	602,724
FUND BALANCES, Ending	$ 412,568	$ 726,531	$ 1,139,099	$ 937,817

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, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Changes in Fund Balances - Total Governmental Funds	$	201,282
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($168,563) exceeded capital outlay $2,496 for the year.		(166,067)
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 $255,000, amortization of bond premium $6,128, amortization of deferred costs ($10,870), and change in accrued interest $532		250,790
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.		(200,177)
Change in Net Position of Governmental Activities	$	85,828

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

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.

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.

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.

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.

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, 2016.

- 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.

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	552,751
Investments	726,531
Total Cash and Investments	**$ 1,280,282**

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

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

Cash and Investments	$	473,341
Restricted Cash and Investments		806,941
Total	**$**	**1,280,282**

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, 2016, 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, 2016.

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, 2016 the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled $552,751.

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.

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, 2016, the Foundation had $726,531 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 $726,531 are restricted in the Building Foundation Fund for project costs and bond reserves. Cash in the amount of $80,410 is also restricted in the General Fund as an emergency reserve related to the TABOR amendment.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2016 is summarized below.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 650,000	$ -	$ -	$ 650,000
Construction in Progress	993,591	-	993,591	-
Total Capital Assets, not depreciated	1,643,591	-	993,591	650,000
Capital Asset, depreciated				
Building	5,120,014	996,087	-	6,116,101
Equipment	15,250	-	-	15,250
Total Capital Assets, depreciated	5,135,264	996,087	-	6,131,351
Accumulated Depreciation				
Building	2,197,034	168,563	-	2,365,597
Equipment	15,250	-	-	15,250
Total Accumulated Depreciation	2,212,284	168,563	-	2,380,847
Capital Assets, depreciated, net	2,922,980	827,524	-	3,750,504
Total Capital Assets	**$ 4,566,571**	**$ 827,524**	**$ 993,591**	**$ 4,400,504**

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, 2016, were $133,471 in the General Fund.

NOTE 6: *LONG-TERM DEBT*

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Payments	Balance June 30, 2016	Due In One Year
Building Lease	$ 6,020,000	$ -	$ 255,000	$ 5,765,000	$ 270,000
Premium	98,052	-	6,128	91,924	-
Total	**$ 6,118,052**	**$ -**	**$ 261,128**	**$ 5,856,924**	**$ 270,000**

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:

Year Ended June 30,	Principal	Interest	Total
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	330,000	235,513	565,513
2022 – 2026	1,885,000	903,713	2,788,713
2027- 2031	2,390,000	377,000	2,767,000
Total	**$ 5,765,000**	**$ 2,609,626**	**$ 8,374,626**

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 *e*mployees 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.

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.

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

General Information about the Pension Plan (Continued)

The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF[1]	17.33%	18.13%

[1]Rates 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 $245,932 for the year ended June 30, 2016.

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

At June 30, 2016 the Academy reported a liability of $4,831,703 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Academy's proportion was 0.031591%, which was a decrease of 0.00067% from its proportion measured as of December 31, 2014.

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, 2016 the Academy recognized pension expense of $373,526. At June 30, 2016, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 63,803	$ 206
Net difference between projected and actual earnings on pension plan investments	$ 412,399	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	$ 82,959
Changes in assumptions and other inputs	N/A	$ 68,281
Contributions subsequent to the measurement date	$ 125,751	N/A
Total	$ 601,953	$ 151,446

$125,751 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, 2017. 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,	
2017	$ 72,584
2018	$ 72,584
2019	$ 95,344
2020	$ 84,244

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, 2014 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, 2014 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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

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

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

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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.

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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%.

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)

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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted).

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)

- When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

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

Based on the above actuarial cost method and 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.

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	$ 6,263,300	$ 4,831,703	$ 3,640,882

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.

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

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, 2016, 2015 and 2014, the Academy's employer contribution to the HCTF was $13,468, $13,855, and $13,238, respectively, equal to their required contribution for each year.

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, 2016, 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.

NOTE 8: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Line of Credit

In December 2013, the School entered into a short term loan agreement with the District to meet its budgetary requirements for that year. The loan arrangement operates like a line of credit with a maximum loan amount of $200,000. No amounts were drawn on the line of credit during fiscal years 2015 and 2016. The loan arrangement was terminated effective October 1, 2015.

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, 2016, the reserve of $80,410 was recorded as a reservation of fund balance in the General Fund. The District also holds $80,410 in pooled cash on behalf of the Academy for this reserve.

NOTE 9: ***DEFICIT NET POSITION***

The Net Position of the government type activities is in a deficit position of $4,546,795 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, 2016

	2016				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 3,074,942	$ 2,815,876	$ 1,826,199	$ (989,677)	$ 2,574,726
Mill Levy Override	-	-	464,757	464,757	421,227
Charges for Services	155,913	154,288	134,689	(19,599)	60,091
Donations	25,000	25,000	26,478	1,478	37,871
Other	12,658	6,500	10,360	3,860	102,011
State Sources					
Grants and Donations	95,751	88,196	146,750	58,554	111,866
TOTAL REVENUES	3,364,264	3,089,860	2,609,233	(480,627)	3,307,792
EXPENDITURES					
Salaries	1,552,142	1,519,111	1,468,602	50,509	1,475,139
Employee Benefits	395,494	382,669	381,918	751	366,543
Purchased Services	1,115,862	1,082,774	511,933	570,841	1,065,522
Supplies and Materials	83,295	77,025	47,624	29,401	67,379
TOTAL EXPENDITURES	3,146,793	3,061,579	2,410,077	651,502	2,974,583
NET CHANGE IN FUND BALANCE	217,471	28,281	199,156	170,875	333,209
FUND BALANCE, Beginning	55,000	213,411	213,412	1	(119,797)
FUND BALANCE, Ending	$ 272,471	$ 241,692	$ 412,568	$ 170,876	$ 213,412

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

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

Years Ended December 31,

	2013	2014	2015
School's proportionate share of the Net Pension Liability	0.0030%	0.0032%	0.0316%
School's proportionate share of the Net Pension Liability	$ 4,152,076	$ 4,372,668	$ 4,831,703
School's covered-employee payroll	$ 1,299,081	$ 1,336,582	$ 1,332,875
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	319.6%	327.2%	362.5%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

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	2016
Statutorily required contributions	$ 221,604	$ 246,918	$ 245,932
Contributions in relation to the Statutorily required contributions	221,604	246,918	245,932
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 1,297,853	$ 1,358,344	$ 1,320,391
Contributions as a percentage of covered-employee payroll	17.07%	18.18%	18.63%

See the accompanying independent auditors' report.