ROCKY MOUNTAIN ACADEMY OF EVERGREEN

BASIC FINANCIAL STATEMENTS

June 30, 2017

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FINANCIAL SECTION

JOHN CUTLER
& ASSOCIATES

Board of Directors
Rocky Mountain Academy of Evergreen
Evergreen, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of Rocky Mountain Academy of Evergreen (the "Academy"), component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Academy, 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 the Rocky Mountain Academy of Evergreen as of June 30, 2017, 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 28-30 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 15, 2017

Management's Discussion and Analysis (MD&A)

Required Supplementary Information (RSI)

June 30, 2017

The Subsequent Management Discussion and Analysis (MD&A) of Rocky Mountain Academy of Evergreen Financial performance provides an overall review of financial activities for the fiscal year ended June 30, 2017. The intent of this narrative overview and analysis is to review the school's financial performance as a whole.

FINANCIAL HIGHLIGHTS

The period from July 1, 2016 through June 30, 2017 is the sixteenth year of Rocky Mountain Academy of Evergreen. As of June 30, 2017, net position is ($7,195,134). Basic school operations are primarily supported by funding provided in the Colorado State School Finance Act. Tax revenue for the year July 1, 2016 – June 30, 2017 was $2,594,058.

Overview of Financial Statements

This financial review is intended to serve as an introduction to Rocky Mountain Academy of Evergreen basic financial statements. The basic 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

Government-wide financial statements are prepared to provide interested parties with a broad overview of the school's financial reporting in similar format to private-sector business. The statement of net position presents information related to assets, deferred outflows, and liabilities and remaining assessment of financial value. With historical data, increases or decreases in net position may serve as a useful indicator of whether the financial position of the school is improving or deteriorating.

Fund Financial Statements

A fund is a grouping of related activities that is used to maintain control over resources that have been segregated for specific activities or objectives, as designated by Colorado State Statute. Rocky Mountain Academy of Evergreen monitors these funds to ensure and demonstrate compliance with finance-related legal requirements.

Rocky Mountain Academy of Evergreen adopts an annual budget for the general fund. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget as part of the required supplementary information included in the audited financial statements.

Governmental-wide Financial Analysis

For the year ending June 30, 2017, the net position of Rocky Mountain Academy of Evergreen totaled $(7,195,134).

Table I: Net Position

	2016 Activities	2017
ASSETS		
Capital Assets, Net	$3,408,984	$3,204,305
Other Assets	$1,562,414	$1,274,167
Total Assets	**$4,971,398**	**$4,478,472**
DEFERRED OUTFLOWS OF RESOURCES	$875,201	$4,321,127
LIABILITIES		
Long Term Liabilities	$10,550,456	$15,597,212
Other Liabilities	$376,946	$342,853
Total Liabilities	**$10,927,402**	**$15,940,065**
DEFERRED INFLOWS OF RESOURCES	**115,514**	**54,668**
NET POSITION		
Net Investment in Capital Assets	($782,673)	($1,427,363)
Restricted for Emergencies	$101,905	$78,153
Unrestricted	$4,515,549	$5,845,924
TOTAL NET POSITION	**($5,196,317)**	**($7,195,134)**

Table II: Changes in Net Position

	2016	2017
REVENUES		
General Revenues		
Per Pupil Revenue	$2,677,114	$2,174,942
Mill Levy Override	$521,452	$419,116
Investment Earnings	$0	$0
Other	$27,497	$44,555
Total General Revenues	**$3,226,063**	**$2,638,613**
Program Revenues		
Charges for Services	$570,187	$345,011
Operating Grants and Contributions	$36,308	$70,971
Capital Grants and Contributions	$97,163	$83,380
Total Program Revenues	**$703,658**	**$499,362**
TOTAL REVENUE	**$3,929,721**	**$3,137,975**
EXPENSES		
Instruction	$1,958,985	$3,078,582
Supporting Services	$1,779,640	$1,755,147
Interest on Long Term Debt	$325,479	$317,793
TOTAL EXPENDITURES	**$4,064,104**	**$5,151,522**
Changes in Net Position	**(134,383)**	**($2,013,547)**
Net Position, Beginning, Restated	**($5,061,934)**	**($5,181,587)**
Prior Period Adjustment		
Net Position, Ending	**($5,196,317)**	**($7,195,134)**

Fund Financial Statements
General Fund

Income – Total gross revenue for the period of July 1, 2016 – June 30, 2017 was $3,137,975. The majority of income was received in the form of Per Pupil Revenue allocated to Rocky Mountain Academy of Evergreen from the state of Colorado through the charter authorizer Jefferson County School District. Donations were received through Parent Teacher organization and other parent donations in the amount of $49,798.

Expenditures – Total expenditures for the period of July 1, 2016 – June 30, 2017 were $3,388,523. Salaries were $1,726,577 benefits were $430,574, purchased/contracted services were $1,129,369, and materials and supplies were $102,003.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the school is student enrollment. Enrollment for the 16-17 school year October count was 310. In order to address reduced revenue due to lower enrollment, the Board of Directors is budgeting a reduction in operational expenses as a result of strict financial controls and an overall tightening of operational spending. Additionally, the newly-streamlined administration and new financial staff have been working very closely with Jefferson County School District financial personnel to increase financial discipline and stability.

The Board of Directors has implemented a new 5-year Strategic Plan for the period FY2018-FY2023 that considers student growth, facility costs and additional conditions specific to the school.

Request for Information

The financial report is designed to provide a general overview of Rocky Mountain Academy of Evergreen's finances for all those with an interest in the school. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Rocky Mountain Academy of Evergreen
2959 Royale Elk Way
Evergreen, CO 80439

BASIC FINANCIAL STATEMENTS

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

STATEMENT OF NET POSITION
As of June 30, 2017

	Governmental Activities	
	2017	2016
ASSETS		
Cash and Investments	$ 698,057	$ 895,074
Restricted Cash and Investments	576,110	667,340
Accounts Receivable	-	-
Capital Assets, Not Depreciated	79,925	79,925
Capital Assets, Depreciated, Net of Accumulated Depreciation	3,124,380	3,329,059
TOTAL ASSETS	4,478,472	4,971,398
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	86,732	91,550
Related to Pensions	4,234,395	783,651
TOTAL DEFERRED OUTLOWS OF RESOURCES	4,321,127	875,201
LIABILITIES		
Accounts Payable	10,346	11,920
Accrued Salaries	155,006	174,211
Accrued Interest	52,501	53,895
Unearned Revenues	-	16,920
Noncurrent Liabilities		
Bonds		
Due in One Year	125,000	120,000
Due in More Than One Year	4,506,668	4,637,092
Net Pension Liability	11,090,544	5,913,364
TOTAL LIABILITIES	15,940,065	10,927,402
DEFERRED INFLOW OF RESOURCES		
Related to Pensions	54,668	115,514
NET POSITION		
Net Investment in Capital Assets	(1,427,363)	(782,673)
Restricted for Emergencies	78,153	101,905
Restricted for Debt Service	523,609	565,435
Unrestricted	(6,369,533)	(5,080,984)
TOTAL NET POSITION	$ (7,195,134)	$ (5,196,317)

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

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

		PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position	
			Operating	Capital	Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	2017	2016
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 3,078,582	$ 345,011	$ 21,173	$ -	$ (2,712,398)	$ (1,363,917)
Supporting Services	1,755,147	-	49,798	83,380	(1,621,969)	(1,671,050)
Interest on Long-Term Debt	317,793	-	-	-	(317,793)	(325,479)
Total Governmental Activities	$ 5,151,522	$ 345,011	$ 70,971	$ 83,380	(4,652,160)	(3,360,446)
		GENERAL REVENUES				
		Per Pupil Revenue			2,174,942	2,677,114
		Mill Levy Override			419,116	521,452
		Other			44,555	27,497
		TOTAL GENERAL REVENUES			2,638,613	3,226,063
		CHANGE IN NET POSITION			(2,013,547)	(134,383)
		NET POSITION, Beginning, As Restated			(5,181,587)	(5,061,934)
		NET POSITION, Ending			$ (7,195,134)	$ (5,196,317)

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

ROCKY MOUNTAIN ACADEMY EVERGREEN

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL FUND	
	2017	2016
ASSETS		
Cash and Investments	$ 698,057	$ 895,074
Restricted Cash and Investments	576,110	667,340
TOTAL ASSETS	$ 1,274,167	$ 1,562,414
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 10,346	$ 11,920
Accrued Salaries and Benefits	155,006	174,211
Unearned Revenues	-	16,920
TOTAL LIABILITIES	165,352	203,051
FUND BALANCES		
Restricted for Emergencies	78,153	101,905
Restricted for Debt Service	523,609	565,435
Unassigned	507,053	692,023
TOTAL FUND BALANCES	1,108,815	1,359,363
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.	3,204,305	3,408,984
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 includes bonds payable ($4,870,000), accrued interest ($52,501), bond discount of $238,322, and deferred loss on refunding $86,732	(4,597,437)	(4,719,437)
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 net pension liability of ($11,090,544), deferred outflows related to pensions of $4,234,395, and deferred inflows related to pensions of ($54,668).	(6,910,817)	(5,245,227)
Net Position of governmental activities	$ (7,195,134)	$ (5,196,317)

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

ROCKY MOUNTAIN ACADEMY EVERGREEN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	GENERAL FUND	
	2017	2016
REVENUES		
Local Sources	$ 3,033,422	$ 3,807,677
State Sources	104,553	122,044
TOTAL REVENUES	3,137,975	3,929,721
EXPENDITURES		
Current		
Instruction	1,763,197	1,752,978
Supporting Services	1,186,139	1,490,313
Debt Service		
Principal	120,000	110,000
Interest	319,187	327,186
TOTAL EXPENDITURES	3,388,523	3,680,477
NET CHANGE IN FUND BALANCES	(250,548)	249,244
FUND BALANCES, Beginning	1,359,363	1,110,119
FUND BALANCES, Ending	$ 1,108,815	$ 1,359,363

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

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ (250,548)
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 of depreciation expense for the current year.	(204,679)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include amortization of bond discount ($9,306), amortization of deferred loss on refunding ($4,818), decrease in accrued interest $1,394, and principal payments $120,000.	107,270
Deferred charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	(1,665,590)
Change in Net Position of Governmental Activities	$ (2,013,547)

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

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

The Rocky Mountain Academy of Evergreen (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 RMAE Building Corporation (the "Building Corporation") within its reporting entity. The Building Corporation 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 Corporation is blended into the Academy's financial statements part of the General 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 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. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

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.

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 an estimated useful life of 30 years.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. 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.

Deferred Outflows/Inflows of Resources

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

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

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 is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

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:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy does not report any non-spendable fund balances at June 30, 2017.

- 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 and funds held for debt service as being restricted because their use is restricted by State Statute for declared emergencies and debt service requirements.

- 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, 2017.

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

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

- 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 balances.

Compensated Absences

The Academy's policy allows employees to accumulate personal time off (PTO) up to a maximum limit of 30 days. In addition, employees may accumulate days in a sick leave bank. Upon termination of employment, unused PTO will be paid out at $25 per day. No financial compensation is paid for unused PTO. At June 30, 2017, the PTO liability was not material to the governmental activities, therefore no liability for accumulated PTO 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 insured amounts in the last three years.

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 July1. 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	$ 215
Pooled Cash with the District	697,842
Investments	576,110
Total Cash and Investments	**$ 1,274,167**

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

Cash and Investments	$ 698,057
Restricted Cash and Investments	576,110
Total	**$ 1,274,167**

Pooled Cash with the District

Cash deposits are pooled with the District 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, 2017, the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled $697,842.

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

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.

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

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

Fair Value

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

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 ("NRSRO"). At June 30, 2017, the Academy had $576,110, invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated AAAm by Standard and Poor's. These investments are valued with Level 1 inputs.

Restricted Cash and Investments

Cash and investments of $576,110 are restricted in the General Fund for debt servicing and bond reserves.

NOTE 4: ***CAPITAL ASSETS***

Capital Assets activity for the year ended June 30, 2017 is summarized below.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 79,925	$ -	$ -	$ 79,925
Capital Asset, depreciated				
Building	4,843,561	-	-	4,843,561
Improvements	302,844	-	-	302,844
Total Capital Assets, Depreciated	5,146,405	-	-	5,146,405
Accumulated Depreciation				
Building	1,774,996	178,950	-	1,953,946
Improvements	42,350	25,729	-	68,079
Total Accumulated Depreciation	1,817,346	204,679	-	2,022,025
Capital Assets, depreciated, net	3,329,059	(204,679)	-	3,124,380
Total Capital Assets	$ **3,408,984**	**$ (204,679)**	**$ -**	**$ 3,204,305**

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, 2017, were $155,006 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, 2017:

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017	Due In One Year
2010 Building Lease	$ 4,990,000	$ -	$ 120,000	$ 4,870,000	$ 125,000
Bond Discount	(247,638)	-	(9,306)	(238,332)	-
Total	**$ 4,742,362**	**$ -**	**$ 110,694**	**$ 4,631,668**	**$ 125,000**

The beginning balance of the bond discount was restated to correct the balance as of June 30, 2017.

Building Lease

In December, 2010, the Colorado Educational and Facilities Authority (CECFA) issued $5,085,000 Charter School Refunding & Improvement Revenue Bonds, Series 2010A and $300,000 of Series 2010B. These bonds were issued to fully refund the 2008B Charter School Revenue Bonds and construct additional facility improvement. The Academy is obligated under a lease agreement to make monthly lease payments to the Building Corporation for use of the facilities. The Building Corporation is obligated under the loan agreement to make similar payments to the trustee, for payment of the bonds. For the Series 2010A bonds, interest accrues at rates ranging from 6.45% to 6.9% and the bonds mature on November 1, 2040. For the Series 2010B bonds interest accrues at 8% and the bonds mature on November 2, 2019.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ 125,000	$ 311,866	$ 436,866
2019	135,000	302,823	437,823
2020	145,000	293,056	438,056
2021	105,000	284,606	389,606
2022	110,000	277,673	387,673
2023 – 2027	680,000	1,266,780	1,946,780
2028 – 2032	925,000	1,009,909	1,934,909
2033 – 2037	1,280,000	656,933	1,936,933
2038 - 2041	1,365,000	183,019	1,548,019
Total	**$ 4,870,000**	**$ 4,586,665**	**$ 9,456,665**

NOTE 7: ***FUNDS PAYABLE TO EXCEL ACADEMY***

The Colorado General Assembly enacted the Charter School Capital Facilities Financing Act to encourage school districts to include their charter schools' capital construction in a district ballot question seeking approval of bonded indebtedness. The Board of Education subsequently submitted to voters of the Jefferson County School District a ballot question (3B) seeking voter authorization to increase the School Districts' bonded indebtedness to be used for charter school and district facilities and grounds. The voters approved this ballot question in 2005. Excel Academy could not utilize their portion of the proceeds due to the fact that they did not have any capital needs related to its facilities or ground at that time.

In order to make funds available for the benefit of the Academy, the Executive Boards of Excel and the Academy entered into a letter of agreement which stated that the Academy would receive Excel's 3B portion of bond funds in order to acquire land and build a new facility. In return, the Academy agreed to repay Excel in quarterly installments, over a ten year period. This agreement also includes a stipulation for the payment of 1.5% APR interest to be calculated retroactively if the principal balance is not repaid within three years, or 3% APR interest to be calculated retroactively if the principal balance is not repaid within five years. This interest is to be paid when the Academy pays the full amount of the agreement, but not later than the tenth year. The repayment is subject to annual appropriation by the Academy and is nontransferable. As a result, the payable to Excel has not been recorded in the financial statements. Instead, the payments will be recorded as expense when paid. During the fiscal year ended June 30, 2017, the Academy made principal and interest payments in the amount of $38,500 and $32,033 respectively that has been recorded by the Academy as other expense.

NOTE 8: ***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.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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.

General Information about the Pension Plan

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.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned.

If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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 8: ***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, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF[1]	18.13%	18.63%

[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 $323,773 for the year ended June 30, 2017.

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

At June 30, 2017 the Academy reported a liability of $11,090,544 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the Academy's proportion was 0.03725%, which was a decrease of 0.00141% from its proportion measured as of December 31, 2015.

NOTE 8: ***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, 2017 the Academy recognized pension expense of $1,989,363 At June 30, 2017, 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	$ 138,982	$ 106
Net difference between projected and actual earnings on pension plan investments	$ 392,432	N/A
Changes in Assumptions and other inputs	$ 3,445,252	$ 54,562
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$ 97,958	N/A
Contributions subsequent to the measurement date	$ 159,771	N/A
Total	$ 4,234,395	$ 54,668

$159,771 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, 2018. 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	$ 755,559
2018	$ 1,664,592
2019	$ 1,596,106
2020	$ 3,699

NOTE 8: ***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, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
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%
Discount Rate	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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued

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

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 8: ***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 November 18, 2016 adoption of the current 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued

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

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

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

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

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

NOTE 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	$13,946,003	$11,090,544	$8,764,876

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 8: ***DEFINED BENEFIT PENSION PLAN*** (Continued

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The School 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 School 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, 2017, 2016 and 2015, the Academy's employer contribution to the HCTF was $16,835, $17,286, and $16,066, respectively, equal to their required contribution for each year.

NOTE 9: ***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, 2017, 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 9: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Facility Use Agreement

The Academy has entered into an operating lease with the neighboring church to use a portion of the facility for the preschool program. Under the terms of the lease, the Academy is required to pay an annual use fee of $30,000 payable in ten monthly installments (August to May). In May 2016 the lease was renewed. Under the terms of the renewed agreement, the annual use fee is $30,900. The current agreement expires on July 31, 2017. The Academy did not renew the lease for the 2017-2018 school year as the Academy's preschool program will be outsourced to a third party.

Total rent expense for the year ended June 30, 2017 for this lease was $32,500.

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, 2017, the reserve of $78,153 was recorded as a restriction of fund balance in the General Fund.

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

The Net Position of the government type activities is in a deficit position of $7,195,134 due to the Academy including the Net Pension Liability per GASB No. 68 the Academy's capital assets depreciating at a rate faster than the payment of long-term debt principal debt.

NOTE 11: ***RESTATEMENT OF NET POSITION***

The beginning balance of the net position of the governmental activities was increased by $14,730 to correctly state the bond discount.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	2017				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	$ 2,631,394	$ 2,174,948	$ 2,174,942	$ (6)	$ 2,233,334
Mill Levy Override	510,953	419,120	419,116	(4)	521,452
Charges for Services	502,500	410,705	345,011	(65,694)	1,013,967
Donations	-	40,000	49,798	9,798	11,427
Other	59,000	39,100	44,555	5,455	27,497
State Sources					
Grants and Donations	178,024	123,837	104,553	(19,284)	122,044
TOTAL REVENUES	3,881,871	3,207,710	3,137,975	(69,735)	3,929,721
EXPENDITURES					
Salaries	2,058,033	1,736,781	1,726,577	10,204	1,886,714
Employee Benefits	473,348	444,600	430,574	14,026	462,573
Purchased Services	813,737	774,801	689,406	85,395	786,754
Supplies and Materials	168,800	113,300	101,928	11,372	101,934
Property		-	851	(851)	5,316
Debt Service					
Principal	100,000	123,334	120,000	3,334	110,000
Interest	354,000	318,995	319,187	(192)	327,186
TOTAL EXPENDITURES	3,967,918	3,511,811	3,388,523	123,288	3,680,477
NET CHANGE IN FUND BALANCE	(86,047)	(304,101)	(250,548)	53,553	249,244
FUND BALANCE, Beginning	793,928	793,928	1,359,363	565,435	1,110,119
FUND BALANCE, Ending	$ 707,881	$ 489,827	$ 1,108,815	$ 618,988	$ 1,359,363

See the accompanying independent auditors' report.

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

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

Years Ended December 31,

	2013	2014	2015	2016
School's proportionate share of the Net Pension Liability	0.039%	0.038%	0.039%	0.037%
School's proportionate share of the Net Pension Liability	$ 4,935,624	$ 5,171,243	$ 5,913,364	$ 11,090,544
School's covered-employee payroll	$ 1,530,447	$ 1,573,848	$ 1,645,765	$ 1,750,433
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	322.5%	328.6%	359.3%	633.6%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%

See the accompanying independent auditors' report.

ROCKY MOUNTAIN ACADEMY OF EVERGREEN

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2014	2015	2016	2017
Statutorily required contributions	$ 270,747	$ 285,537	$ 305,871	$ 323,773
Contributions in relation to the Statutorily required contribution	270,747	285,537	305,871	323,773
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 1,577,125	$ 1,575,106	$ 1,694,716	$ 1,650,493
Contributions as a percentage of covered-employee payroll	17.17%	18.13%	18.05%	19.62%

See the accompanying independent auditors' report.