Eagle County Charter Academy

(A Component Unit of Eagle County School District)

Financial Statements

June 30, 2018

HINKLE & COMPANY PC

Strategic Business Advisors

Eagle County Charter Academy

(A Component Unit of Eagle County School District)

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June 30, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Directors
Eagle County Charter Academy
Edwards, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of the Eagle County Charter Academy, component unit of Eagle County School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Eagle County Charter 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.

Auditors' 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 auditors' 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 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 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund of the Eagle County Charter Academy as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in the year ended June 30, 2018, the Eagle County Charter Academy adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle County Charter Academy's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hinkle & Company, pc

Greenwood Village, Colorado
November 30, 2018

Eagle County Charter Academy

Management's Discussion and Analysis

Introduction

As management of the Eagle County Charter Academy (the "Academy"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2018.

Financial Highlights

Fiscal year ending June 30, 2018 is the fourth year reporting net pension liability and deferred inflows and outflows following Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* As such, the Academy included the Net Pension Liability per GASB Statement No. 68 in the amount of $13,600,472 for FY 2018 and $10,962,675 for FY 2017 as a noncurrent liability on the Statement of Net Position. For FY 2018 and FY 2017, the government-wide assets and deferred outflows of the Academy exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $1,899,544 and $4,640,626 (net position) for the Primary Government - Charter School respectively.

For FY 2018 and FY 2017 the Component Unit – Eagle County Charter Academy Education Foundation (the "Foundation") ended with $407,291 and $498,712 (net position) respectively.

At the close of the fiscal year the Academy's governmental fund reported an ending fund balance of $1,418,135, an increase of $168,260. The operations of the Academy are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was $2,639,715. The Academy also received $819,664 in Mill Levy Override revenue.

The governmental activities ending net position decreased from $4,381,520 to $1,899,544. A portion of the net position is a negative unrestricted balance of $8,359,319. The negative unrestricted balance is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of $13,600,472, representing the Academy's proportionate share of the plan's net pension liability. The School also participates in a Postemployment Healthcare Benefit Plan and as a result of GASB statement No. 75 has recorded a Net OPEB Liability as of June 30, 2018 of $310,577. In addition, at June 30, 2018, $119,000 of net position was restricted for the emergency contingency required by Article X, Section 20 of the Colorado Constitution (TABOR), $198,835 was restricted for capital renewal and $9,941,028 reflects the net investment in capital assets. The large change in pension liability from FY 2017 to FY 2018 was due to a change in actuarial assumptions used by the pension plan administered by Public Employees' Retirement Association of Colorado (PERA).

The Foundation's ending net position decreased from $498,712 to $407,291. This decrease was largely caused by the decrease in contributions during the year. These funds will provide resources to support the operations of the Academy.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by per pupil revenue (PPR) or property taxes passed through from the District. The governmental activities of the Academy include instruction and supporting services expense.

The government-wide financial statements include not only the Academy itself (known as the primary government), but also a legally separate Foundation for which the Academy is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3-4 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Academy's activities are reported under one fund: governmental fund.

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 Academy'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 Academy's near-term financing decisions. The governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy maintains one governmental fund. Information is presented in the governmental balance sheet and statement of revenues, expenditures and changes in fund balance for the general fund because it is considered to be a major fund.

The Academy adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

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 8-24.

Government-wide Financial Analysis

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

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

In the case of the Academy, assets exceeded liabilities by $1,899,544 at the close of the most recent fiscal year.

Eagle County Charter Academy

Eagle County Charter Academy's Net Position – Governmental Activities

	June 30, 2018	June 30, 2017
Cash and Investments	$ 1,838,136	$ 1,419,072
Accounts Receivable	1,292	196,432
Accounts Receivable-Foundation	200	578
Prepaid Expenses	4,542	11,620
Inventories	8,675	12,002
Capital Assets, Net of Accumulated Depreciation	9,941,028	10,295,938
Total Assets	11,793,873	11,935,642
Deferred Outflows of Resources		
Pensions, Net of Accumulated Amortization	5,047,288	4,289,952
OPEB, Net of Accumulated Amortization	45,662	0
Total Deferred Outflows of Resources	5,092,950	4,289,952
Current liabilities	434,710	389,829
Noncurrent Liabilities		
Net Pension Liability	13,600,472	10,962,675
Net OPEB Liability	310,577	0
Total Liabilities	14,345,759	11,352,504
Deferred Inflows of Resources		
Pensions, Net of Accumulated Amortization	636,325	232,464
OPEB, Net of Accumulated Amortization	5,195	0
Total Deferred Inflows of Resources	641,520	232,464
Net Position		
Net Investment in Capital Assets	9,941,028	10,295,938
Restricted for Emergencies	119,000	115,700
Restricted for Capital Renewal	198,835	159,068
Unrestricted	(8,359,319)	(5,930,080)
Total Net Position	$ 1,899,544	$ 4,640,626

As outlined in Note 7 to the financial statements the Academy restated the prior year ending net position. Information presented for the year ended June 30, 2017, has not been restated because comparable information is not available.

A portion of the Academy's governmental assets, 15.6% is in Cash and Investments and 84.3% is in Capital Assets.

Eagle County Charter Academy's Change in Net Position
For the Year Ended June 30, 2018 and 2017
Governmental Activities

	June 30, 2018	June 30, 2017
Program Revenue:		
Tuition and Fees	$ 382,664	$ 379,015
Operating Grants and Contributions	2,442	3,388
Total Program Revenue	385,106	382,403
General Revenue:		
Per Pupil Revenue	2,639,715	2,547,496
District Mill Levy Revenue	819,664	807,283
Foundation Contributions – Unrestricted	347,935	339,756
State Capital Construction	87,582	91,766
Other Contributions	14,999	16,000
Investment Income	21,313	9,460
Other	0	65
Total General Revenue	3,931,208	3,811,826
Total Revenue	4,316,314	4,194,229
Expenses:		
Instruction	4,742,985	3,989,149
Supporting Services	2,055,305	1,858,664
Total Expenses	6,798,290	5,847,813
Increase (Decrease) in Net Position	(2,481,976)	(1,653,584)
Beginning Net Position	4,381,520	6,294,210
Ending Net Position	$1,899,544	$4,640,626

As outlined in Note 7 to the financial statements the Academy restated the prior year ending net position. Information presented for the year ended June 30, 2017, has not been restated because comparable information is not available.

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

Governmental Funds. The focus of the Academy's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unrestricted, unassigned fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

The amount received for each student from the State increased for FY 2018 by 4.8%. Salary and benefit expenditures increased by 4.9% or $132,206. This was the result of staff raises and increases in employee benefit costs. The net change in fund balance reflected an increase of $168,260.

General Fund Budgetary Highlights
The Academy approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. The Academy approved a supplemental budget during the year to true up the beginning fund balance and adjustments in revenues for the actual student count. The original general fund budget was $5,407,744 and it was adjusted to $5,561,849. Expenditures were less than budget by $1,413,795.

Capital Assets
In August 2011, the Eagle County Charter Academy was fortunate to have been awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado in the amount of $9,302,653. The Academy used $8,822,188 in grant proceeds and matching funds in the amount of $2,785,954 to construct a new educational facility. The Academy broke ground in August 2012 and opened in the new facility in fall 2013. Additional information on the Academy's capital assets is provided in Note 3 to the financial statements. The Academy added $67,836 to capital assets during FY 2018. This included an upgrade to the network system used by the school.

Economic Factors and Next Year's Budget
The FY 2019 budget projects the Academy's general fund balance will have a increase of approximately $62,866. The economic outlook for FY 2019 is improving with the increase of $330 per funded FTE or 6.3% in PPR funding. The Capital Construction funding per pupil allocation increased for FY 2019 to $264 per funded FTE compared to $254 per funded FTE in FY 2018. This was caused by an increase in total amount available to be shared by charter schools in the state. Enrollment is projected to remain at the current 346 students in FY 2018. Below are the historical enrollment numbers:

Fiscal Year	Enrollment
2008 / 2009	292
2009 / 2010	293
2010 / 2011	299
2011 / 2012	315
2012 / 2013	325
2013 / 2014	346
2014 / 2015	346
2015 / 2016	346
2016 / 2017	346
2017 / 2018	346

Requests for Information

This financial report is designed to provide a general overview of the Eagle County Charter Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rick Boos, Chief Financial Officer, 1105 Miller Ranch Road, Edwards, Colorado 81632.

Basic Financial Statements

Eagle County Charter Academy
(A Component Unit of Eagle County School District)
Statement of Net Position
June 30, 2018

	Primary Government Governmental Activities	Component Unit Foundation
Assets		
Cash and Investments	$ 1,838,136	$ 407,001
Accounts Receivable	1,292	-
Accounts Receivable - Foundation	200	-
Prepaid Expenses	4,542	766
Inventories	8,675	-
Capital Assets*, Net of Accumulated Depreciation*	9,941,028	-
Total Assets	11,793,873	407,767
Deferred Outflows of Resources		
Pensions*, Net of Accumulated Amortization*	5,047,288	-
OPEB, *Net of Accumulated Amortization*	45,662	-
Total Deferred Outflows of Resources	5,092,950	-
Liabilities		
Accounts Payable	85,139	276
Accounts Payable - School	-	200
Accrued Liabilities	45,727	-
Accrued Salaries and Benefits	288,881	-
Unearned Revenues	14,963	-
Noncurrent Liabilities		
Net Pension Liability	13,600,472	-
Net OPEB Liability	310,577	-
Total Liabilities	14,345,759	476
Deferred Inflows of Resources		
Pensions*, Net of Accumulated Amortization*	636,325	-
OPEB, *Net of Accumulated Amortization*	5,195	-
Total Deferred Inflows of Resources	641,520	-
Net Position		
Net Investment in Capital Assets		
Restricted for:	9,941,028	-
Emergencies	119,000	-
Capital Renewal	198,835	-
Unrestricted	(8,359,319)	407,291
Total Net Position	$ 1,899,544	$ 407,291

See Notes to Financial Statements.

Eagle County Charter Academy
(A Component Unit of Eagle County School District)
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Change in Net Position	
				Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Foundation
Primary Government					
Governmental Activities					
Instruction	$ 4,742,985	$ 298,815	$ 2,442	$ (4,441,728)	$ -
Supporting Services	2,055,305	83,849	-	(1,971,456)	-
Total Primary Government	$ 6,798,290	$ 382,664	$ 2,442	(6,413,184)	-
Component Unit					
Foundation	$ 448,914	$ -	$ -	-	(448,914)
	General Revenues				
	Per Pupil Revenue			2,639,715	-
	District Mill Levy			819,664	-
	State Capital Construction			87,582	-
	Grants and Contributions not Restricted to Specific Programs			362,934	355,992
	Investment Income			21,313	1,501
	Total General Revenues			3,931,208	357,493
	Change in Net Position			(2,481,976)	(91,421)
	Net Position, *Beginning of year*			4,381,520	498,712
	Net Position, *End of year*			$ 1,899,544	$ 407,291

Eagle County Charter Academy
(A Component Unit of Eagle County School District)
Balance Sheet
Governmental Fund
June 30, 2018

	General
Assets	
Cash and Investments	$ 1,838,136
Accounts Receivable	1,292
Accounts Receivable - Foundation	200
Prepaid Expenditures	4,542
Inventories	8,675
Total Assets	$ 1,852,845
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	$ 85,139
Accrued Liabilities	45,727
Accrued Salaries and Benefits	288,881
Unearned Revenues	14,963
Total Liabilities	434,710
Fund Balance	
Nonspendable:	
Prepaid Expenditures	4,542
Inventories	8,675
Restricted for:	
Emergencies	119,000
Capital Renewal	198,835
Unrestricted, Unassigned	1,087,083
Total Fund Balance	1,418,135
Total Liabilities and Fund Balance	$ 1,852,845

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	$ 1,418,135
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	9,941,028
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Net pension liability	(13,600,472)
Pension-related deferred outflows of resources	5,047,288
Pension-related deferred inflows of resources	(636,325)
Net OPEB liability	(310,577)
OPEB-related deferred outflows of resources	45,662
OPEB-related deferred inflows of resources	(5,195)
Total Net Position of Governmental Activities	$ 1,899,544

See Notes to Financial Statements.

Eagle County Charter Academy

(A Component Unit of Eagle County School District)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2018

	General
Revenues	
Local Sources	
Per Pupil Revenue	$ 2,639,715
District Mill Levy	819,664
Tuition and Fees	298,815
Food Service Fees	83,849
Foundation Contributions	347,935
Other Contributions	14,999
Investment Income	21,313
State Sources	
Capital Construction	87,582
Grants	2,442
Total Revenues	4,316,314
Expenditures	
Instruction	2,971,685
Supporting Services	1,176,369
Total Expenditures	4,148,054
Net Change in Fund Balance	168,260
Fund Balance, *Beginning of year*	1,249,875
Fund Balance, *End of year*	$ 1,418,135

See Notes to Financial Statements.

Eagle County Charter Academy

(A Component Unit of Eagle County School District)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2018

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

Net Change in Fund Balance of the Governmental Fund	$ 168,260
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.	
Capital Outlay	67,836
Depreciation expense	(422,746)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.	
Net pension liability	(2,637,797)
Pension-related deferred outflows of resources	757,336
Pension-related deferred inflows of resources	(403,861)
Net OPEB liability	(39,228)
OPEB-related deferred outflows of resources	33,419
OPEB-related deferred inflows of resources	(5,195)
Change in Net Position of Governmental Activities	$ (2,481,976)

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Eagle County Charter Academy (the School) was organized in 1994 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Eagle County School District (the District) in the State of Colorado. The School is governed by a Board of Directors consisting of five parents or community members, two staff members, and the School's principal, a non-voting member.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the School's more significant policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the School.

The School includes the Eagle County Charter Academy Education Foundation (the Foundation) within its reporting entity. The Foundation is a non-profit organization formed to develop cooperative relationships with businesses and the School, to provide a vehicle by which individuals and businesses may support the School, and to maintain real or personal property exclusively for educational, charitable or literary purposes. The Foundation is discretely presented in the School's financial statements and does not issue separate financial statements.

The School is a component unit of the District. The School's charter was authorized by the District and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School and its component unit. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported in a single column. The *primary government* is reported separately from the legally separate *component unit*.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the major governmental fund.

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*, as are the Foundation's financial statements. 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. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

> *General Fund* - This is the general operating fund of the School. It is currently used to account for all financial activities of the School.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Inventories - Inventories consist of school supplies and clothing available for sale. Inventories are valued at cost, using the first-in, first-out method. The costs of inventories are recorded as assets when purchased and as expenses when consumed.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more 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 the acquisition value on the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the statement of net position in the government-wide financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	15 - 30 years
Equipment	5 - 10 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Unearned Revenues - Unearned revenues represent resources received by the School before it has a legal claim to them, including tuition and fees.

Compensated Absences - School personnel are allowed to accumulate up to thirty days of unused sick and personal time. Accrued sick and personal time is not paid upon termination of employment. Therefore, no liability is reported in the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned and unassigned fund balances.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School purchases commercial insurance for these risks of loss.

Note 2: Cash and Investments

At June 30, 2018, cash and investments consisted of the following:

Petty Cash	$ 319
Deposits	464,685
Investments	1,373,132
Total	$ 1,838,136

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2018, the School had bank deposits of $251,481 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Note 2: Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk - State statutes do not limit the amount the School may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At June 30, 2018, the School had $1,373,132 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is reported at the net asset value per share, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Component Unit

At June 30, 2018, the Foundation had uninsured bank deposits of $72,233.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2018, is summarized below.

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
Capital Assets, *Being Depreciated*				
Buildings and Improvements	$ 11,662,278	$ -	$ -	$ 11,662,278
Equipment	167,460	67,836	-	235,296
Total Capital Assets, *Being Depreciated*	11,829,738	67,836	-	11,897,574
Accumulated Depreciation				
Buildings and Improvements	(1,483,607)	(390,457)	-	(1,874,064)
Equipment	(50,193)	(32,289)	-	(82,482)
Total Accumulated Depreciation	(1,533,800)	(422,746)	-	(1,956,546)
Governmental Activities Capital Assets, *Net*	$ 10,295,938	$ (354,910)	$ -	$ 9,941,028
Component Unit				
Capital Assets, *Being Depreciated*				
Equipment	$ 36,638	$ -	$ -	$ 36,638
Accumulated Depreciation	(36,638)	-	-	(36,638)
Component Unit Capital Assets, *Net*	$ -	$ -	$ -	$ -

Note 3: Capital Assets (Continued)

Depreciation expense of the governmental activities was charged to the supporting services program of the School.

Note 4: Defined Benefit Pension Plan

General Information

Plan Description - The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the SDTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over three years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary or the amount allowed by applicable federal regulations.

Retirees may elect to withdraw their contributions upon termination of employment, and may be eligible to receive a matching amount if five years of service credit is earned and certain other criteria is met. Retirees who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs) as established by State statutes. Retirees who began employment before January 1, 2007, receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average consumer price index for the prior calendar year. Retirees that began employment after January 1, 2007, receive an annual increase of the lesser of 2% or the average consumer price index for the prior calendar year, with certain limitations.

Disability benefits are available for plan participants once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Note 4: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions - The School and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The School's contribution rate for calendar years 2018 and 2017 was 20.15% and 19.65% of covered salaries, respectively. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 5). The School's contributions to the SDTF for the year ended June 30, 2018, were $381,829, equal to the required contributions.

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

At June 30, 2018, the School reported a net pension liability of $13,600,472, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0420592660%, which was an increase of 0.0052394759% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution form the State of Colorado. The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was $6,144,575.

For the year ended June 30, 2018, the School recognized pension expense of $3,210,108. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 4: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 250,055	$ -
Changes of assumptions and other inputs	3,472,705	22,038
Net difference between projected and actual earnings on plan investments	-	534,103
Changes in proportion	1,102,518	80,184
Contributions subsequent to the measurement date	222,010	-
Total	$ 5,047,288	$ 636,325

The School's contributions subsequent to the measurement date of $222,010 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	$ 2,528,920
2020	1,662,239
2021	198,726
2022	(200,932)
Total	$ 4,188,953

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate [1]	5.26%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	2.0%
Hired after 12/31/2006	ad hoc

[1]The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 4.78%.

Note 4: Defined Benefit Pension Plan (Continued)

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

The long-term expected rate of return on 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.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as follows:

Note 4: Defined Benefit Pension Plan (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 4.78%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2017, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%. The discount rate at the prior measurement date was 5.26%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (3.78%) or one percentage point higher (5.78%) than the current rate, as follows:

Note 4: Defined Benefit Pension Plan (Continued)

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

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	$ 17,179,709	$ 13,600,472	$ 10,683,802

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 5: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Note 5: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (See Note 4) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2018, was $19,577, equal to the required amount.

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

At June 30, 2018, the School reported a net OPEB liability of $310,577, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2017.

The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0238979253%, which was an increase of 0.0029691144% from its proportion measured at December 31, 2016.

For the year ended June 30, 2018, the School recognized OPEB expense of $30,570. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,469	$ -
Net difference between projected and actual earnings on plan investments	-	5,195
Changes in proportion	32,174	-
Contributions subsequent to the measurement date	12,019	-
Total	$ 45,662	$ 5,195

School contributions subsequent to the measurement date of $12,019 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Note 5: Postemployment Healthcare Benefits (Continued)

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

Year Ended June 30,		
2019	$	5,311
2020		5,311
2021		5,311
2022		5,311
2023		6,610
2024		594
Total	$	28,448

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums: 3% for 2017, gradually rising to 4.25% in 2023	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

Note 5: Postemployment Healthcare Benefits (Continued)

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

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF 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.

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 4.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 349,187	$ 310,577	$ 277,623

Note 5: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 320,032	$ 310,577	$ 320,870

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

Note 6: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2018, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters approved the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but management believes the School is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $119,000.

Note 6: Commitments and Contingencies (Continued)

Capital Renewal Reserve

The School was awarded a Building Excellent Schools Today (BEST) grant from the State of Colorado to construct its building. In accordance with the related State statutes, the School is required to establish a capital renewal reserve for the purpose of replacing major facility systems such as roofs, interior finishes, electrical systems and heating, ventilating, and air conditioning systems. At a minimum, the School must contribute $100 per pupil annually to the capital renewal reserve. At June 30, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $198,835.

Ground Lease

In December, 2011, the Foundation assigned its rights under a ground lease to the School. The lease agreement allows the School to use real property owned by the District for a term of forty years, through December 8, 2051. No monetary rent is required.

Ownership of the educational facilities located on the real property vests with the School during the term of the lease. However, any sale of the facilities requires prior written approval of the District, and upon expiration or termination of the ground lease, ownership of the facilities will revert to the District.

Note 7: Change in Accounting Principle

For the year ended June 30, 2018, the School adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements.

	Governmental Activities
Net Position, June 30, 2017, *as Originally Stated*	$ 4,640,626
Deferred Outflows of Resources	12,243
Net OPEB Liability	(271,349)
Net Position, June 30, 2017, *as Restated*	$ 4,381,520

Required Supplementary Information

Eagle County Charter Academy

(A Component Unit of Eagle County School District)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
School Division Trust Fund
June 30, 2018

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0420592660%	0.0368197901%	0.0373357237%	0.0392977711%	0.0395568678%
School's Proportionate Share of the Net Pension Liability	$ 13,600,472	$ 10,962,675	$ 5,710,235	$ 5,326,168	$ 5,045,468
School's Covered Payroll	$ 1,940,145	$ 1,652,538	$ 1,627,083	$ 1,646,294	$ 1,594,664
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
School Contributions					
Statutorily Required Contribution	$ 362,252	$ 334,760	$ 291,016	$ 274,694	$ 259,558
Contributions in Relation to the Statutorily Required Contribution	(362,252)	(334,760)	(291,016)	(274,694)	(259,558)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 1,919,289	$ 1,820,012	$ 1,642,754	$ 1,629,423	$ 1,625,411
Contributions as a Percentage of Covered Payroll	18.87%	18.39%	17.72%	16.86%	15.97%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Eagle County Charter Academy

(A Component Unit of Eagle County School District)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Public Employees' Retirement Association of Colorado

Health Care Trust Fund

June 30, 2018

		12/31/17
Proportionate Share of the Net OPEB Liability		
School's Proportion of the Net OPEB Liability		0.0238979253%
School's Proportionate Share of the Net OPEB Liability	$	310,577
School's Covered-Employee Payroll	$	2,068,204
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll		15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		18%
		6/30/18
School Contributions		
Statutorily Required Contribution	$	19,577
Contributions in Relation to the Statutorily Required Contribution		(19,577)
Contribution Deficiency (Excess)	$	-
School's Covered-Employee Payroll	$	2,048,095
Contributions as a Percentage of Covered-Employee Payroll		0.96%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Eagle County Charter Academy

(A Component Unit of Eagle County School District)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 2,599,298	$ 2,628,785	$ 2,639,715	$ 10,930
District Mill Levy	797,047	816,260	819,664	3,404
Tuition and Fees	301,300	304,523	298,815	(5,708)
Food Service Fees	96,900	96,900	83,849	(13,051)
Foundation Contributions	359,210	347,936	347,935	(1)
Other Contributions	15,800	15,800	14,999	(801)
Investment Income	9,000	14,900	21,313	6,413
Other	3,000	3,000	-	(3,000)
State Sources				
Capital Construction	90,723	83,870	87,582	3,712
Grants	-	-	2,442	2,442
Total Revenues	4,272,278	4,311,974	4,316,314	4,340
Expenditures				
Instruction				
Salaries	1,597,595	1,564,938	1,580,512	(15,574)
Employee Benefits	632,329	594,025	620,839	(26,814)
Purchased Services	526,550	528,960	509,613	19,347
Supplies	127,720	207,240	177,899	29,341
Property	45,400	145,000	82,822	62,178
Total Instruction	2,929,594	3,040,163	2,971,685	68,478
Supporting Services				
Salaries	460,906	464,883	467,583	(2,700)
Employee Benefits	158,032	178,370	150,456	27,914
Purchased Services	365,420	379,688	367,181	12,507
Supplies	150,370	145,950	96,303	49,647
Property	91,723	89,082	91,794	(2,712)
Other	4,900	4,900	3,052	1,848
Total Supporting Services	1,231,351	1,262,873	1,176,369	86,504
Reserves	1,246,799	1,258,813	-	1,258,813
Total Expenditures	5,407,744	5,561,849	4,148,054	1,413,795
Net Change in Fund Balance	(1,135,466)	(1,249,875)	168,260	1,418,135
Fund Balance, *Beginning of year*	1,135,466	1,249,875	1,249,875	-
Fund Balance, *End of year*	$ -	$ -	$ 1,418,135	$ 1,418,135

See accompanying Independent Auditors' Report.

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

- Investment rate of return assumption decreased from 7.5% per year, compounded annually, net of investment expenses, to 7.25%.
- Price inflation assumption decreased from 2.8% per year to 2.4%.
- Real rate of investment return assumption increased from 4.7% per year, net of investment expenses, to 4.85%.
- Wage inflation assumption decreased from 3.9% per year to 3.5%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables, updated from the RP-2000 Mortality Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

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

The School adheres to the following procedures to establish the budgetary information reported in the financial statements.

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

Supplementary Information

Eagle County Charter Academy

(A Component Unit of Eagle County School District)
Statement of Activities
Foundation
For the Year Ended June 30, 2018

	Foundation
Revenues	
Contributions	$ 229,192
Fundraising	126,800
Investment Income	1,501
Total Revenues	357,493
Expenses	
Programs	
Student Activities	68,367
School Contributions	347,935
Total Programs	416,302
General and Administration	
Accounting and Legal	5,800
Bank Charges	7,068
Insurance	4,411
Software	600
Total General and Administration	17,879
Fundraising	14,733
Total Expenses	448,914
Change in Net Position	(91,421)
Net Position, *Beginning of year*	498,712
Net Position, *End of year*	$ 407,291