WEST RIDGE ACADEMY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

WEST RIDGE ACADEMY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors
West Ridge Academy
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of West Ridge Academy, a component unit of Weld County School District 6, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise West Ridge Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

Board of Directors
West Ridge Academy

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 West Ridge Academy as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the budgetary comparison information and the pension schedules on pages 31 through 35 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
September 27, 2017

This section of the report provides readers with a narrative overview and analysis of the financial activities of West Ridge Academy (the School) for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

- West Ridge Academy experienced a decrease of $1,116,092 in net position for the year ended June 30, 2017.
- West Ridge Academy's General Fund assets exceeded liabilities by $772,350 at June 30, 2017.
- The WRA Building Corporation was formed in the year ended June 30, 2017. The WRA Building Corporation issued $9,490,000 in debt during the year ended June 30, 2017.
- The WRA Building Corporation spent $5,157,674 of the debt issuance on land and building. $5,209,706 of the debt issuance remains held by the trustee in cash and investments, with $1,362,887 in liabilities relating to capital outlay for land and buildings.
- Total unrestricted cash was at $869,861 June 30, 2017, as compared to $490,809 at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains required supplementary information.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances in a manner similar to a private sector business.

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

The *statement of activities* presents the government's changes in net position during the 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

The government-wide financial statements can be found on pages 8-9 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. West Ridge Academy, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

West Ridge Academy reports two governmental funds: the General Fund and WRA Building Corporation, a special revenue fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

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. The notes to the financial statements can be found on pages 14-30 of this report.

Budgetary Comparisons. West Ridge Academy adopts annual appropriated budgets for the General Fund and the WRA Building Corporation. A budgetary comparison statement has been provided for the General Fund on page 31 of this report. A budgetary comparison statement has been provided for the Building Corporation on page 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

TABLE A-1
COMPARATIVE SUMMARY STATEMENT OF NET POSITION

	2017	2016
Assets and Deferred Outflows of Resources:		
Current Assets	$ 6,094,857	$ 520,530
Capital Assets	5,248,019	108,218
Deferred Outflows	2,138,609	449,882
Total Assets and Deferred Outflows of Resources	13,481,485	1,078,630
Liabilities and Deferred Inflows of Resources:		
Current Liabilities	1,509,897	85,218
Noncurrent Liabilities	9,490,000	-
Net Pension Liability	4,940,296	2,325,400
Deferred Inflows	22,321	32,949
Total Liabilities and Deferred Inflows of Resources	15,962,514	2,443,567
Net Position:		
Investment in Capital Assets	(1,004,379)	108,218
Restricted	155,853	51,358
Unrestricted	(1,632,503)	(1,524,513)
Total Net Position	$ (2,481,029)	$ (1,364,937)

The School has $55,853 of net position that is restricted to comply with the Taxpayer's Bill of Rights (TABOR) requirements. The School reports $100,000 restricted fund balance related to a technology grant received at the end of the fiscal year.

TABLE A-2
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2017	2016
Program Revenues:		
Charges for Services	$ -	$ 8,170
Operating Grants and Contributions	312,571	127,322
Capital Grants and Contributions	67,332	57,178
General Revenues:		
Per Pupil Funding	1,701,974	1,535,415
Interest Income	26,811	-
Other Revenue	30,782	-
Total Revenues	2,139,470	1,728,085
Expenses:		
Instruction	2,109,068	1,288,144
Support Services	922,144	470,448
Interest Expense	224,350	-
Total Expenses	3,255,562	1,758,592
Change in Net Position	(1,116,092)	(30,507)
Net Position - Beginning	(1,364,937)	(1,334,430)
Net Position - Ending	$ (2,481,029)	$ (1,364,937)

Governmental-wide activities decreased the School's net position by $1,116,092 in 2017. This is largely due to recording pension expense of $915,541 as required by governmental accounting standards.

FINANCIAL ANALYSIS OF THE SCHOOL'S GENERAL FUND

The General Fund ended the year with a fund balance of $772,350, an increase of $337,038 from the beginning fund balance. The School was able to increase the ending fund balance by cost control measures, increased enrollment, and increased fundraising efforts.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

West Ridge Academy budgeted for 235 students for the Per Pupil Revenue (PPR). The actual number ended up being 242. This increase coupled with the fact that we received supplemental income in per pupil revenues improved our financial standing.

There was also an increase in fundraising efforts that helped offset expenses.

Other savings were due to tight budgetary management. The administration and the board of directors know that West Ridge Academy needed to improve the net fund balance and therefore closely monitored all expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. West Ridge Academy's investment in capital assets for its governmental activities as of June 30, 2017 totals $5,248,019 (net of accumulated depreciation). This investment includes land, construction in progress, and equipment.

The School utilizes the straight-line depreciation method for its capital assets. Depreciation is recognized when the asset is placed into service.

Additional information on the School's capital assets can be found in note 3 of this report.

Long-term debt: The Building Corporation carries total bonded debt outstanding of $9,490,000. Additional information on long-term debt and the related facility leases can be found in Notes 4 and 5 on pages 21 - 22 of this report.

FUTURE OPERATIONS

West Ridge Academy continues to make improvements in the areas of financial management, academic performance, and strategic vision. Once again, the school finished the year in an even stronger financial position than the prior year. Our teachers are being paid at a better average salary than ever before in the school's history.

Due to increased demand, the School purchased land and a building. We renovated the building and added an addition to it, thus doubling the size of our school. This allowed us to double the number of students moving from a one track school to a two track school. Now more students will benefit from the quality academic and character education offered. Once again, our standardized test scores were some of the best in Weld County School District #6. We continue to refine and improve our educational practices to insure all students are having their academic needs met.

As West Ridge Academy continues to strive for excellence, the Administration will continue to look for incorporating best practices, managing strategic vision, and putting the school in a strong financial and academic position.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of West Ridge Academy finances for all those with an interest in the Schools' finances. Questions concerning any of the information provided should be addressed to West Ridge Academy, 6200 West 20th Street, Greeley, Colorado 80634.

WEST RIDGE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash	$ 6,079,567
Prepaid Items	7,152
Accounts Receivable	8,138
Capital Assets, Net of Accumulated Depreciation	5,248,019
Total Assets	11,342,876
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	2,138,609
Total Deferred Outflows of Resources	2,138,609
LIABILITIES	
Accounts Payable	1,467,645
Accrued Expenses	838
Accrued Interest Payable	41,414
Long-Term Liabilities	
Due in More than One Year	9,490,000
Net Pension Liability	4,940,296
Total Liabilities	15,940,193
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	22,321
Total Deferred Inflows of Resources	22,321
NET POSITION	
Net Investment in Capital Assets	(1,004,379)
Restricted for TABOR	55,853
Restricted for Technology Grant	100,000
Unrestricted	(1,632,503)
Total Net Position	$ (2,481,029)

See accompanying Notes to Financial Statements.

WEST RIDGE ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Instructional	$ 2,109,068	$ -	$ 312,571	$ -	$ (1,796,497)
Support Services	922,144	-	-	67,332	(854,812)
Interest Expense	224,350	-	-	-	(224,350)
Total Government Activities	$ 3,255,562	$ -	$ 312,571	$ 67,332	(2,875,659)
		GENERAL REVENUES			
		Per Pupil Revenue			1,701,974
		Interest Income			26,811
		Other			30,782
		Total General Revenues			1,759,567
		CHANGE IN NET POSITION			(1,116,092)
		Net Position - Beginning			(1,364,937)
		NET POSITION - ENDING			$ (2,481,029)

See accompanying Notes to Financial Statements.

WEST RIDGE ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Building Corporation	Total
ASSETS			
Cash	$ 862,656	$ 7,205	$ 869,861
Restricted Cash and Investments	-	5,209,706	5,209,706
Prepaid Items	7,152	-	7,152
Accounts Receivable	8,138	-	8,138
Total Assets	$ 877,946	$ 5,216,911	$ 6,094,857
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	104,758	1,362,887	1,467,645
Accrued Expenditures	838	-	838
Total Liabilities	105,596	1,362,887	1,468,483
FUND BALANCES			
Nonspendable	7,152	-	7,152
Restricted:			
Emergencies	55,853	-	55,853
Debt Service	-	609,217	609,217
Capital Projects	-	3,244,807	3,244,807
Technology Grant	100,000	-	100,000
Unassigned	609,345	-	609,345
Total Fund Balances	772,350	3,854,024	4,626,374
Total Liabilities and Fund Balances	$ 877,946	$ 5,216,911	$ 6,094,857

See accompanying Notes to Financial Statements.

WEST RIDGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds		$ 4,626,374
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $5,274,466 and accumulated depreciation is $26,447.		5,248,019
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds Payable	$ (9,490,000)	
Accrued Interest Payable	(41,414)	
Net Pension Liability	(4,940,296)	(14,471,710)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		2,138,609
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		(22,321)
Total Net Position		$ (2,481,029)

See accompanying Notes to Financial Statements.

WEST RIDGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Building Corporation	Total
REVENUES			
Per Pupil Funding	$ 1,701,974	$ -	$ 1,701,974
State and Federal Sources	139,148	-	139,148
Local Sources	240,755	-	240,755
Interest Income	-	26,811	26,811
Other Revenues	20,635	10,147	30,782
Total Revenues	2,102,512	36,958	2,139,470
EXPENDITURES			
Current:			
Instruction	1,156,912	-	1,156,912
Support Services	589,820	332,324	922,144
Debt Service:			
Interest	-	182,936	182,936
Capital Outlay	78,742	5,157,674	5,236,416
Total Expenditures	1,825,474	5,672,934	7,498,408
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	277,038	(5,635,976)	(5,358,938)
OTHER FINANCING SOURCES			
Sale of Capital Assets	60,000	-	60,000
Proceeds from Debt Issuance	-	9,490,000	9,490,000
Total Other Financing Sources	60,000	9,490,000	9,550,000
NET CHANGE IN FUND BALANCE	337,038	3,854,024	4,191,062
Fund Balance - Beginning	435,312	-	435,312
FUND BALANCE - ENDING	$ 772,350	$ 3,854,024	$ 4,626,374

See accompanying Notes to Financial Statements.

WEST RIDGE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net Change In Fund Balance - Governmental Fund		$ 4,191,062
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay	$ 5,236,416	
Depreciation Expense	(21,208)	
Net Book Value of Disposal	(75,407)	5,139,801
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Pension Expense		(915,541)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.		
Issuance of Debt	(9,490,000)	
Accrued Interest	(41,414)	(9,531,414)
Change in Net Position		$ (1,116,092)

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Ridge Academy (the School) conform to accounting principles generally accepted in the Unites States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

GASB has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

> The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The school operates under a charter granted by the District Board of Education. The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2016), there were 242 students enrolled. The PPR rate for the fiscal year ended June 30, 2017, was approximately $7,000.

The accompanying financial statements present the School and its component units, an entity for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The WRA Building Corporation (the Building Corporation) meets the requirements for blending.

The School is a component unit of the District and is included in the District's Comprehensive Annual Financial Report.

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expense of a given function 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 individuals 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. Other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Measureable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

General Fund - The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue - WRA Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Building Corporation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds. Investments are carried at fair value.

Capital Assets

Capital assets, which include land, buildings and building improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets, except for land, are depreciated. Depreciation on all assets is provided using the straight-line method over the following estimated useful lives:

Modular Building	10 Years
Equipment	10 Years
Computers and Software	5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School reports deferred outflows of resources relating to its proportionate share of the net pension liability. See Note 7 for additional information.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest methods. Bonds payable are reported net of the applicable bond premium or discount.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2017. The School is required to report its proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School reports deferred inflows of resources relating to its proportionate share of the net pension liability. See Note 7 for additional information.

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balances in the School's general fund indicate amounts constrained for specific purpose by external parties, constitutional provision, or enabling legislation. Restrictions on the School's general fund balance are described in Note 6.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Principal.

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. The School uses restricted funds prior to unrestricted funds. When both unassigned and committed or assigned resources are available for use, it is the School's policy to use committed, then assigned resources first, then unassigned resources as needed.

NOTE 2 CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2017, the School's carrying amount of deposits was $869,861.

WRA Building Corporation

The bonds require the Building Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Bond payments are made from the accounts.

At June 30,2017, $334,150 is held in reserve accounts required by the bond agreements which is to be used for the payment of principal and interest on the bond in the event that sufficient funds are not available to make such payments when due. $275,067 is held in reserve accounts required by the bond agreements, which are to be used for the current principal and interest payments on the bonds. Additionally, $4,600,489 is held in a project fund to be used for future construction.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments: The School does not hold investments. The cash and investment reserve accounts owned by the Building Corporation are in the custody of the trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the trustee as directed by the Building Corporation; investments are limited to investments as allowed by the state of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to 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' acceptance of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

At June 30, 2017, the Building Corporation's investments consisted of $5,209,706 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 State Securities Commissioner administers and enforces all State statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to $1.00. ColoTrust offers shares in two portfolios, ColoTrust Prime and ColoTrust Plus+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. ColoTrust Plus+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. The Building Corporation's investments are in the ColoTrust Plus+ portfolio. A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by ColoTrust. ColoTrust is rated AAAm by Standard & Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk: The extent to which changes in interest rates will adversely affect the fair value of an investment is defined as interest rate risk. The School 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. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

As of June 30, 2017 the Building Corporation's investment in ColoTrust of $5,209,706 has a maturity date of 12 months or less.

Credit Risk: The School has no policy toward credit risk other than to follow State statutes, which limit certain investments to those with specified ratings provided by nationally recognized statistical rating organizations, depending on the type of investment.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: State statutes do not limit the amount the School may invest in one issuer, except for corporate securities.

Fair Value: The School 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 valued using a matrix pricing technique. Matrix pricing is sued to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

The Building Corporation's investment of $5,209,706 in ColoTrust is measured at net asset value.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets, Not Depreciated				
Land	$ -	$ 1,006,898	$ -	$ 1,006,898
Construction in Progress	-	4,150,776	-	4,150,776
Total Capital Assets Not Being Depreciated	-	5,157,674	-	5,157,674
Capital Assets, Being Depreciated:				
Modular Building and Improvements	148,345	-	(148,345)	-
Equipment	38,050	78,742	-	116,792
Total Capital Assets Being Depreciated	186,395	78,742	(148,345)	116,792
Accumulated Depreciation:				
Modular Building and Improvements	(59,340)	(13,598)	72,938	-
Equipment	(18,837)	(7,610)	-	(26,447)
Total Accumulated Depreciation	(78,177)	(21,208)	72,938	(26,447)
Total Capital Assets, Net	$ 108,218	$ 5,215,208	$ (75,407)	$ 5,248,019

Depreciation expense of $21,208 was charged to the instruction function of the School.

NOTE 4 BONDS PAYABLE

On January 1, 2017, the Public Finance Authority (the Authority) issued its Charter School Revenue Bonds as Series 2017A and 2017B, in the amount of $9,490,000. The bonds were issued for the WRA Building Corporation's use in the acquisition of land and construction, improvement, and equipping of educational facilities of the Building Corporation, to fund a debt service reserve fund for the Series 2017A and 2017B bonds, to fund capitalized interest on the Series 2017A and 2017B bonds, and pay the cost of issuance of the Series 2017A and 2017B bonds. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation. The Series 2017A bonds mature in 2021 with a 5.5% interest rate. The Series 2017B bonds mature in 2020 with a 6.0% interest rate.

The Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the trustee.

The lease revenues, which are the basis of the pledged revenues, are described in Note 5. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds. One hundred percent of lease revenues have been pledged under the agreement. For the year ended June 30, 2017, $182,936 in an interest payment was made using part of the proceeds from the original bond issue as payment. No lease payments were made during the year ended June 30, 2017.

The following schedule represents the School's debt service requirements to maturity for outstanding revenue bonds at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 522,675	$ 522,675
2019	-	522,675	522,675
2020	125,000	518,925	643,925
2021	155,000	510,863	665,863
2022	9,210,000	253,275	9,463,275
Total	$ 9,490,000	$ 2,328,413	$ 11,818,413

Changes in bonds payable for the year ended June 30, 2017 were as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Bonds Payable	$ -	$ 9,490,000	$ -	$ 9,490,000
Total	$ -	$ 9,490,000	$ -	$ 9,490,000

NOTE 5 LEASES

The School entered into a three-year lease for a building beginning July 2011. The lease commitment has been automatically renewed each year. The School made payments of $14,000 per month for fiscal year 2017. Rental expense for the lease was $161,000 for the year-ended June 30, 2017. This lease was terminated in June 2017.

The School leases its building from the Building Corporation. The lease requires payments, which approximate the Building Corporation's required payments on the bonds (Note 4) and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest. The School was not required to make any lease payments during the year ended June 30, 2017.

NOTE 6 RESTRICTION OF NET POSITION / DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt, and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue, eliminating the restriction of revenues on the School. The 3% emergency reserve is still required both at the District and the School level. As of June 30, 2017, management believes the School complied with the requirements to include emergency reserves in its budgetary basis fund balance.

As of June 30, 2017, the School reports $100,000 restricted for educational technology relating to revenue from a private grant.

The Building Corporation is required to hold funds in accounts related to its bond obligations as identified in Note 2. Net position/fund balance is restricted attributable to the restrictions on its cash and investments.

NOTE 7 DEFINED BENEFIT PENSION PLAN

The School 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/deletions 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 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan

Plan Description: Eligible employees of the School are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are 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. Retirements are determined by the amount of service credit earned and/or purchases, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. §24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100% 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% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 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 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 School 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% of their PERA-includable salary. 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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the School for the year ended June 30, 2017 were $144,336.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017, the School reported a liability of $4,940,296 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 School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2016, the School's proportion was 0.0165927247%, which was an increase of 0.0013883631% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $915,541. At June 30, 2017, the School 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	$ 61,761	$ 43
Changes of Assumptions or other Inputs	1,603,023	22,278
Net Difference between Projected and Actual Earnings on Pension Plan Investments	165,193	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	233,332	-
Contributions Subsequent to the Measurement Date	75,300	-
Total	$ 2,138,609	$ 22,321

$75,300 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 Ending June 30,	Amount
2018	$ 838,208
2019	816,072
2020	385,060
2021	1,648
	$ 2,040,988

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions: 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 were 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%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 9.70%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	5.26%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years. Active member mortality was based upon the same mortality rates but adjusted to 55% of the base rate for males and 40% 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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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% factor applied to male rates and a 55% 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% factor applied to rates for ages less than 80, a 113% 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% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% 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% per year, compounded annually, net of investment expenses to 7.25% per year, compounded annually, net of investment expenses.

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

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

- Wage inflation assumption decreased from 3.90% per year to 3.50% 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 7 DEFINED BENEFIT PENSION PLAN (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	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00 %	

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

Discount Rate: The discount rate used to measure the total pension liability was 5.26%. 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 project 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%.
- 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.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

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% 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%, resulting in a discount rate of 5.26%.

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% 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%, 2.24% higher compared to the current measurement date.

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.26%) or one percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate Share of the Net Pension Liability	$ 6,212,263	$ 4,940,296	$ 3,904,324

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 POSTEMPLOYMENT HEALTH CARE 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% 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 School's contributions to the HCTF were $8,003, $7,265, and $6,309, respectively, equal to their required contributions for each year.

NOTE 9 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The School maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

WEST RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Per Pupil Funding	$ 1,650,480	$ 1,700,480	$ 1,701,974	$ 1,494
State and Federal Sources	144,986	142,550	139,148	(3,402)
Local Sources	4,500	104,500	240,755	136,255
Other Revenues	-	-	20,635	20,635
Total Revenues	1,799,966	1,947,530	2,102,512	154,982
EXPENDITURES				
Current:				
Instruction	1,230,255	1,230,255	1,156,912	73,343
Support Services	462,856	612,856	589,820	23,036
Capital Outlay	15,000	15,000	78,742	(63,742)
Total Expenditures	1,708,111	1,858,111	1,825,474	32,637
OTHER FINANCING SOURCES				
Sale of Capital Assets	-	-	60,000	60,000
NET CHANGE IN FUND BALANCE	91,855	89,419	337,038	247,619
Fund Balance - Beginning	244,592	435,312	435,312	-
FUND BALANCE - ENDING	$ 336,447	$ 524,731	$ 772,350	$ 247,619

See accompanying Notes to Required Supplementary Information.

WEST RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUILDING CORPORATION
YEAR ENDED JUNE 30, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	$ 27,000	$ 26,811	$ (189)
Other Revenues	10,500	10,147	(353)
Total Revenues	37,500	36,958	(542)
EXPENDITURES			
Current:			
Support Services	334,500	332,324	2,176
Debt Service			
Interest	182,936	182,936	-
Capital Outlay	5,157,674	5,157,674	-
Total Expenditures	5,675,110	5,672,934	2,176
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,637,610)	(5,635,976)	1,634
OTHER FINANCING SOURCES			
Proceeds from Debt Issuance	9,490,000	9,490,000	-
NET CHANGE IN FUND BALANCE	3,852,390	3,854,024	1,634
Fund Balance - Beginning	-	-	-
FUND BALANCE - ENDING	$ 3,852,390	$ 3,854,024	$ 3,854,024

See accompanying Notes to Required Supplementary Information.

WEST RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2016	2015	2014	2013
School's proportion (percentage) of the collective net pension liability (asset)	0.0165927247%	0.0152043616%	0.0136498351%	0.0135611489%
School's proportionate share of the collective pension liability (asset)	$ 4,940,296	$ 2,325,400	$ 1,850,011	$ 1,729,721
Covered payroll	$ 744,542	$ 662,603	$ 573,611	$ 545,233
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	663.53%	350.95%	322.52%	317.24%
Plan fiduciary net position as a percentage of the total pension liability	43.10%	59.20%	62.80%	64.06%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

WEST RIDGE ACADEMY
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS*

As of June 30,	2017	2016	2015
Statutorily required contributions	$ 144,336	$ 126,388	$ 104,485
Contributions in relation to the statutorily required contribution	$ 144,336	$ 126,388	$ 104,485
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 784,795	$ 712,223	$ 618,511
Contribution as a percentage of covered-employee payroll	18.39%	17.75%	16.89%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier not available.

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.

b) The Public hearings are conducted by the School's Board of Directors to obtain parents and other members of the public comment and recommendations.

c) Prior to June 30, the budget is adopted by formal resolution.

d) The School's contract with the District requires submission of the approval and amended budgets to the District.

e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.

f) Budgets for all fund types are adopted on a basis consistent with GAAP.

g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's Board of Directors on May 8, 2017. The final WRA Building Corporation budget was approved by the Board on September 25, 2017.

h) All appropriations lapse at the end of each fiscal year.