WEST RIDGE ACADEMY
Greeley, Colorado

FINANCIAL STATEMENTS
June 30, 2016

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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 the major fund of West Ridge Academy, a component unit of Weld County School District 6, as of and for the year ended June 30, 2016, 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.

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 the major fund of West Ridge Academy as of June 30, 2016, 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 iii - vi the budgetary comparison information and the pension schedules on pages 19-22 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 16, 2016

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, 2016. 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 $30,507 in net position at June 30, 2016.
- West Ridge Academy's General Fund assets exceeded liabilities by $435,312 at June 30, 2016.
- Total unrestricted cash was at $490,809 June 30, 2016, as compared to $305,492 at June 30, 2015.

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 1 – 2 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 a government'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 maintains one individual governmental fund, the General Fund, which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 3 through 6 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 7 through 18 of this report.

Budgetary Comparisons. West Ridge Academy adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on page 19 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

	2016	2015
Assets and deferred outflows of resources:		
Current assets	$ 520,530	$ 330,662
Noncurrent assets	108,218	130,663
Deferred outflows	449,882	106,319
Total assets and deferred outflows of resources	1,078,630	567,644
Liabilities and deferred inflows of resources:		
Current liabilities	85,218	51,925
Net pension liability	2,325,400	1,850,011
Deferred inflows	32,949	138
Total liabilities and deferred inflows of resources	2,443,567	1,902,074
Net position:		
Investment in capital assets	108,218	130,663
Restricted	51,358	47,434
Unrestricted	(1,524,513)	(1,512,527)
Total net position	$ (1,364,937)	$ (1,334,430)

The School has $51,358 of net position that is restricted to comply with the Taxpayer's Bill of Rights (TABOR) requirements.

Table A-2
Comparative Schedule of Revenues, Expenses, and Changes in Net Position

	2016	2015
Program revenues:		
Charges for services	$ 8,170	$ 9,514
Operating grants and contributions	127,322	112,724
Capital grants and contributions	57,178	36,601
General revenues:		
Per pupil funding	1,535,415	1,441,707
Total revenues	1,728,085	1,600,546
Expenses:		
Instruction	1,288,144	1,035,596
Support services	470,448	374,273
Total expenses	1,758,592	1,409,869
Change in net position	(30,507)	190,677
Net position - beginning	(1,334,430)	(1,525,107)
Net position - ending	$ (1,364,937)	$ (1,334,430)

FINANCIAL ANALYSIS OF THE SCHOOL'S GENERAL FUND

The General Fund ended the year with a fund balance of $435,312, an increase of $156,575 from the beginning fund balance. The School was able to increase the ending fund balance by cost control measures, increased enrollment, and increased fund raising efforts.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

West Ridge Academy budgeted for 216 students for the Per Pupil Revenue (PPR). The actual number ended up being 221. 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, 2016 totals $108,218 (net of accumulated depreciation). This investment includes a modular building 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.

Future Operations

West Ridge Academy is reaping the benefits of its better financial management, academic vision and strategy. The School is at its highest enrollment ever. Standardized test scores are consistently improving and the School has the strongest ending fund balance ever. Teachers and staff are finally being paid a competitive salary.

Because of the aforementioned positive attributes of the school, demand to attend West Ridge Academy is increasing. Therefore, the board of directors and administration are exploring the possibility of expanding from a one track school to a two track school.

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.

BASIC FINANCIAL STATEMENTS

WEST RIDGE ACADEMY
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash	$ 490,809
Prepaid items	19,481
Accounts receivable	10,240
Capital assets, net of accumulated depreciation	108,218
TOTAL ASSETS	628,748
DEFERRED OUTFLOWS OF RESOURCES	
Contributions subsequent to measurement date	67,079
Change in investment earnings	194,090
Change in proportionate share	158,006
Change in experience	30,707
TOTAL DEFERRED OUTFLOWS OF RESOURCES	449,882
LIABILITIES	
Accounts payable	58,733
Accrued expenses	100
Related party payable	-
Unearned revenue	26,385
Net pension liability	2,325,400
TOTAL LIABILITIES	2,410,618
DEFERRED INFLOWS OF RESOURCES	
Change in experience	-
Change in proportionate share	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-
DEFERRED INFLOWS OF RESOURCES	
Change in experience	87
Change in actuarial assumptions	32,862
TOTAL DEFERRED INFLOWS OF RESOURCES	32,949
NET POSITION	
Investment in capital assets	108,218
Restricted for TABOR	51,358
Unrestricted	(1,524,513)
TOTAL NET POSITION	$ (1,364,937)

The accompanying notes are an integral part of the financial statements

WEST RIDGE ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental Activities					
Instructional	$ 1,288,144	$ 8,170	$ 127,322	$ -	$ (1,152,652)
Support Services	470,448	-	-	57,178	(413,270)
Total Government Activities	$ 1,758,592	$ 8,170	$ 127,322	$ 57,178	(1,565,922)
GENERAL REVENUES					
Per Pupil Revenue					1,535,415
TOTAL GENERAL REVENUES					1,535,415
CHANGE IN NET POSITION					(30,507)
Net Position, Beginning					(1,334,430)
Net Position, Ending					$ (1,364,937)

The accompanying notes are an integral part of the financial statements

WEST RIDGE ACADEMY
BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2016

		General
ASSETS		
Cash	$	490,809
Prepaid items		19,481
Accounts receivable		10,240
TOTAL ASSETS	$	520,530
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$	58,733
Accrued expenses		100
Unearned revenue		26,385
TOTAL LIABILITIES		85,218
FUND BALANCES		
Nonspendable		19,481
Restricted		51,358
Unassigned		364,473
TOTAL FUND BALANCES		435,312
TOTAL LIABILITIES AND FUND BALANCES	$	520,530

The accompanying notes are an integral part of the financial statements

WEST RIDGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
June 30, 2016

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance - governmental funds		$ 435,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $186,395 and accumulated depreciation is $78,177.		108,218
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:		
Net pension liability		(2,325,400)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Contributions subsequent to measurement date	67,079	
Change in investment earnings	194,090	
Change in proportionate share	158,006	
Change in experience	30,707	449,882
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Change in experience	(87)	
Change in actuarial assumptions	(32,862)	(32,949)
Total net position		$ (1,364,937)

The accompanying notes are an integral part of the financial statements

WEST RIDGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2016

	General Fund
REVENUES	
Per pupil funding	$ 1,535,415
State and federal sources	172,162
Local sources	12,338
Student fees	8,170
TOTAL REVENUES	1,728,085
EXPENDITURES	
Current:	
Instruction	1,123,507
Support services	448,003
TOTAL EXPENDITURES	1,571,510
NET CHANGE IN FUND BALANCE	156,575
FUND BALANCE, Beginning	278,737
FUND BALANCE, Ending	$ 435,312

The accompanying notes are an integral part of the 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, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:			
Net change in fund balance - governmental fund		$	156,575
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.			(22,445)
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:			
Change in contributions subsequent to measurement date	11,558		
Pension expense	(291,024)		
Employer contribution expenses	114,829		(164,637)
Change in net position		$	(30,507)

The accompanying notes are an integral part of the 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

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, 2015), there were 216 students enrolled. The PPR rate for the fiscal year ended June 30, 2016, was approximately $6,900.

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

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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are generally recorded when a liability is incurred, as under accrual accounting.

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.

The School only has one fund. The General Fund is the School's primary operating fund and accounts for all financial resources of the School.

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.

Capital Assets

Capital assets are valued at historical cost or estimate historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. 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

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2016. Due to the implementation of GASB No. 68, the School is required to report its proportionate share of PERA's unfunded pension liability. See Note 6 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 5.

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.

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 Business Manager.

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.

Income Taxes

The School is a nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

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 percent of the uninsured deposits. At June 30, 2016, the School's carrying amount of deposits was $490,809.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, being depreciated				
Modular building and improvements	$ 148,345	$ -	$ -	$ 148,345
Equipment	38,050	-	-	38,050
Total capital assets being depreciated	186,395	-	-	186,395
Accumulated depreciation:				
Modular building and improvements	(44,505)	(14,835)	-	(59,340)
Equipment	(11,227)	(7,610)	-	(18,837)
Total accumulated depreciation	(55,732)	(22,445)	-	(78,177)
Total capital assets, net	$ 130,663	$ (22,445)	$ -	$ 108,218

Depreciation expense of $22,445 was charged to the instruction function/program of the School.

NOTE 4 – OPERATING 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 is currently in negotiations regarding the fiscal year 2017 payment and has agreed to a $14,000 per month payment for fiscal year 2017 during the negotiation process. Rental expense for the lease was $168,000 for the year-ended June 30, 2016.

NOTE 5 – RESTRICTION OF NET POSITION

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. At June 30, 2016, management believes the School complied with the requirements to include emergency reserves in its budgetary basis fund balance.

NOTE 6 – 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 6 – 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(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees of 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. § 2451-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the 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, 2016 was $126,388.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources</u>

At June 30, 2016, the School reported a liability of $2,325,400 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2015, the School's proportion was 0.0152043616%, which was an increase of 0.0015545265% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the School recognized pension expense of $291,024. At June 30, 2016, 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	$ 30,707	$ 87
Changes of assumptions or other inputs	-	32,862
Net difference between projected and actual earnings on pension plan investments	194,090	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	158,006	-
Contributions subsequent to the measurement date	67,079	-
Total	$ 449,882	$ 32,949

An amount of $67,079 was reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016	
2017	$ 111,253
2018	$ 110,352
2019	$ 87,704
2020	$ 40,545
2021	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

- The following programming changes were made:
    - Valuation of the full survivor benefit without any reduction for possible remarriage.
    - Reflection of the employer match on separation benefits for all eligible years.
    - Reflection of one year of service eligibility for survivor annuity benefit.
    - Refinement of the 18 month annual increase timing.
    - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
    - Recognition of merit salary increases in the first projection year.
    - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
    - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
    - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	**Target Allocation**	**10 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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 actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the 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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 3,014,398	$ 2,325,400	$ 1,752,282

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

NOTE 7 – OTHER POSTEMPLOYMENT 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.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy – The School is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the School's contributions to the HCTF were $7,265, $6,309, and $5,554, respectively, equal to their required contributions for each year.

NOTE 8 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

WEST RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Per pupil funding	$ 1,441,707	$ 1,535,415	$ 93,708
State and federal sources	150,665	172,162	21,497
Local sources	18,500	12,338	(6,162)
Student fees	-	8,170	8,170
TOTAL REVENUES	1,610,872	1,728,085	117,213
EXPENDITURES			
Current			
Instruction	1,151,937	1,123,507	28,430
Support services	412,672	448,003	(35,331)
Capital outlay	17,000	-	17,000
TOTAL EXPENDITURES	1,581,609	1,571,510	10,099
NET CHANGE IN FUND BALANCE	29,263	156,575	107,114
FUND BALANCE, Beginning	215,328	278,737	63,409
FUND BALANCE, Ending	$ 244,591	$ 435,312	$ 190,721

WEST RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

	2015	2014	2013
School's proportion (percentage) of the collective net pension liability (asset)	0.0152043616%	0.0136498351%	0.0135611489%
School's proportionate share of the collective pension liability (asset)	$ 2,325,400	$ 1,850,011	$ 1,729,721
Covered-employee payroll	662,603	573,611	545,233
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	350.95%	322.52%	317.24%
Plan fiduciary net position as a percentage of the total pension liability	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 THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

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

* The amounts presented for each fiscal year were determined as of June 30. Information earli
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 June 8, 2015.

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