PASSAGE CHARTER SCHOOL

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2016

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By Justin L. Smith at 2:18 pm, Oct 28, 2016

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INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Passage Charter School
Montrose, Colorado 81401

We have audited the accompanying financial statements of the Passage Charter School, a component unit of the Montrose County School District RE-1J, as of and for the year ended June 30, 2016, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School'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 opinion.

Telephone (970) 249-3424 Facsimile (970) 249-3425

1675 East Niagara Road * Montrose, Colorado 81401

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Passage Charter School, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 29 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.

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
October 10, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Passage Charter School (the "School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2016.

Financial highlights:

* The liabilities and deferred inflows of the School exceeded its assets and deferred outflows of resources at the close of its most recent fiscal year by $138,187 (net position).
* As of the close of the current fiscal year, the School's governmental fund reported an ending fund balance of $79,413 an increase of $3,367 from the prior year.
* At the end of the current fiscal year, unassigned fund balance for the general fund was $53,012, or 19.4% of total general fund expenditures.
* The overall decrease in revenue during the year was primarily due to decreased contributions. Expenses decreased from the prior year mainly due to decreased instruction and facilities costs.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 and liabilities, with the difference reported as *net postion*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by equalization revenue, childcare fees, contributions, foundation grants and intergovernmental revenues. The governmental activities of the School include instruction, childcare and supporting services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School only has one governmental fund.

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

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

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

The basic governmental fund financial statements can be found on pages 9 through 12 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 13 through 28 of the report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the School's budgetary comparisons for the general fund and schedules of activity for pension reporting. Required supplementary information can be found on pages 29 through 31 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by $136,187 at the close of the most recent fiscal year. At the end of the prior year liabilities and deferred inflows exceeded assets and deferred outflows by $108,431 after the restatement of net position due to the implementation of GASB No. 68, Accounting and Financial Reporting for Pensions.

A large portion of the School's net position reflects its investment in capital assets (e.g., buildings and equipment). The School uses these capital assets to provide educational and childcare services; consequently, these assets are not available for future spending.

PASSAGE CHARTER SCHOOL NET POSITION

	CURRENT YEAR	PRIOR YEAR
Current and other assets	$111,642	115,872
Capital assets	94,866	112,306
Total assets	206,508	228,178
Deferred outflows of resources	46,340	18,208
Accounts payable and other liabilities	388,888	354,793
Total liabilities	388,888	354,793
Deferred inflows of resources	2,147	24
Net position:		
Net investment in capital assets	94,866	112,306
Restricted	8,550	8,550
Unrestricted (deficit)	(241,603)	(229,287)
Total net position (deficit)	$(138,187)	(108,431)

PASSAGE CHARTER SCHOOL CHANGES IN NET POSITION

Revenues:		
Program revenues		
Charges for services	$ 59,105	45,783
Operating grants and contributions	98,480	116,526
Capital grants and contributions	3,877	2,793
General revenues		
State equalization	115,157	114,619
Other	80	262
Total revenues	276,699	279,983
Expenses:		
Instruction	109,438	113,526
Childcare	110,320	97,057
Administration	49,562	51,440
Facilities	32,691	33,409
Food services	4,443	4,858
Total expenses	306,455	300,290
Change in net position	(29,756)	(20,307)
Net position (deficit), beginning	(108,431)	197,478
Prior period adjustment		(285,602)
Net position (deficit), beginning as restated		(88,124)
Net position (deficit), ending	$(138,187)	(108,431)

At the end of the current fiscal year, the School reported a deficit balance in net position due to the implementation of GASB No. 68, Accounting and Financial Reporting for Pensions. For the prior fiscal year, the School reported a deficit balance in net position for the same reason.

General Fund Budgetary Highlights

The original and final budgets for the school were $253,417 and $283,417, respectively. The final budget was an increase of $196 over the previous fiscal year. The actual expenditures were $273,332.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental activities as of June 30, 2016, amounts to $94,866 (net of accumulated depreciation). This investment in capital assets includes building, improvements and equipment. The majority of the decrease in the School's investment in capital assets for the current fiscal year was the result of depreciation.

Passage Charter School Capital Assets
(net of depreciation)

	GOVERNMENTAL ACTIVITIES	
	CURRENT YEAR	PRIOR YEAR
Building and improvements	$ 91,189	107,094
Equipment	3,677	5,212
TOTAL	$ 94,866	112,306

Additional information on the School's capital assets can be found in note 3 on page 18 of this report.

Long-term debt. At the end of the current fiscal year, the School had no long-term debt outstanding.

Economic Factors and Next Year's Budget

Due to space limitations, future increases in revenue will not come as a result of an increase in the number of students being served. Rather, the School's ability to keep pace with increased expenses is dependent on an increase in the level of equalization funding and on its success in raising funds from private sources. Passage of Amendment 23 to the Colorado State Constitution has helped to stabilize equalization funding. These plus other factors were considered in preparing the School's budget for fiscal year 2016 - 2017.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Christie Earixson, 703 South Ninth Street, Montrose, Colorado, 81401.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PASSAGE CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2016

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and cash equivalents	$	110,412
Due from related party		1,230
Capital assets (net of accumulated depreciation)		
Building and improvements		91,189
Equipment		3,677
TOTAL ASSETS		206,508
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pensions		46,340
LIABILITIES		
Accounts payable		205
Accounts payable, related party		3,561
Accrued salaries and benefits		8,611
Advances from grantors		19,852
Net pension liability		356,659
TOTAL LIABILITIES		388,888
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		2,147
NET POSITION (DEFICIT)		
Net investment in capital assets		94,866
Restricted		8,550
Unrestricted (deficit)		(241,603)
TOTAL NET POSITION (DEFICIT)	$	(138,187)

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBTUIONS	NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES					
Instruction	$ 109,438		65,129		(44,309)
Childcare	110,321	59,105	28,909		(22,307)
Administration	49,562				(49,562)
Facilities	32,691			3,877	(28,814)
Food services	4,443		4,442		(1)
TOTAL GOVERNMENTAL ACTIVITIES	$ 306,455	59,105	98,480	3,877	(144,993)
GENERAL REVENUES					
State equalization					$ 115,157
Miscellaneous					80
TOTAL GENERAL REVENUES					115,237
Change in net position					(29,756)
Net position (deficit), Beginning of year					(108,431)
Net position (deficit), End of year					$ (138,187)

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

PASSAGE CHARTER SCHOOL

BALANCE SHEET

GOVERNMENTAL FUND - GENERAL FUND

June 30, 2016

(With comparative actual amounts for June 30, 2015)

		CURRENT YEAR	PRIOR YEAR
ASSETS			
Cash and cash equivalents	$	110,412	115,665
Due from related party		1,230	207
TOTAL ASSETS	$	111,642	115,872
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$	205	108
Accounts payable, related party		3,561	3,510
Accrued salaries and benefits		8,611	8,419
Advances from grantors		19,852	27,789
TOTAL LIABILITIES		32,229	39,826
FUND BALANCES			
Restricted		8,550	8,550
Assigned		17,851	48,022
Unassigned		53,012	19,474
TOTAL FUND EQUITY		79,413	76,046
TOTAL LIABILITIES AND FUND EQUITY	$	111,642	115,872

See Notes to Financial Statements

PASSAGE CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUND - GENERAL FUND - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		$ 79,413
TOTAL NET POSITION REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION IS DIFFERENT BECAUSE:		
CAPITAL ASSETS USED IN GOVERMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS. THESE ASSETS CONSIST OF:		
Building and improvements, net of $272,097 accumulated depreciation	91,189	
Equipment, net of $18,434 accumulated depreciation	3,677	
TOTAL CAPITAL ASSETS		94,866
LONG-TERM LIABILITIES, INCLUDING NET PENSION LIABILITY AND RELATED DEFERRED INFLOWS/OUTFLOWS, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS. THESE LIABILITIES CONSIST OF:		
Net pension liability	(356,659)	
Deferred inflows - pensions	(2,147)	
Deferred outflows - pensions	46,340	
		(312,466)
TOTAL NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ (138,187)

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND

For the year ended June 30, 2016

(With comparative actual amounts for the year ended June 30, 2015)

		CURRENT YEAR	PRIOR YEAR
REVENUES			
Local sources:			
Childcare fees	$	59,105	45,783
Contributions		80,607	92,760
Miscellaneous		80	262
		139,792	138,805
State sources:			
Equalization		115,157	114,619
Student re-engagement		990	
At risk funding			5,128
Capital construction		3,877	2,793
		120,024	122,540
Federal sources:			
USDA food program		4,442	4,858
Title I		12,241	13,580
Title II (A)		200	200
		16,883	18,638
TOTAL REVENUES		276,699	279,983
EXPENDITURES			
Current:			
Instruction		104,419	109,165
Childcare		100,789	91,122
Administration		46,896	49,428
Facilities		12,908	16,347
Food service		4,443	4,858
Capital outlay		3,877	4,939
TOTAL EXPENDITURES		273,332	275,859
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		3,367	4,124
FUND BALANCE, BEGINNING OF YEAR		76,046	71,922
FUND BALANCE, END OF YEAR	$	79,413	76,046

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND - GENERAL FUND TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

NET CHANGE IN FUND BALANCE FOR GOVERNMENTAL FUNDS		$ 3,367
THE CHANGE IN NET POSITION REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES IS DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH DEPRECIATION EXCEEDS CAPTIAL OUTLAY IN THE CURRENT PERIOD.		
Depreciation expense	17,440	
Capital outlay	-	
		(17,440)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS:		
Pension expense		(15,683)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTITITIES		$ (29,756)

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Passage Charter School is a non-profit corporation organized pursuant to the Charter School Act as defined in Colorado Revised Statutes. The School operates a secondary-level public school and infant/toddler care center to serve the educational and child care needs of pregnant and parenting adolescents and is a component unit of Montrose County School District RE-1J. A seven member governing board is appointed by consensus of the existing governing board from applications of interested members of the public. The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units per state statutes. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental financial reporting principles. The financial statements of the School consist only of the funds of the School, a component unit of Montrose County School District RE-1J. Based on the criteria set forth by GASB, there are no component units for which the school is financially accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements: The statement of net position and the statement of activities display information about all of the activities of the School. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The School has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges to students and others who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

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.

Fund Financial Statements: The fund financial statements provide information about the School's fund. The emphasis of fund financial statements is on major governmental funds. The School does not have *proprietary* or *fiduciary* fund types.

The School reports the following major governmental fund:

General Fund. This is the School's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements. The government-wide fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchanges, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Intergovernmental revenues, grants, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. NEW ACCOUNTING PRONOUNEMENTS

The School implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB No. 68), for the year ended June 30, 2015. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit pensions, GASB No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. The effect of the implementation of GASB No. 68 on the School was a prior period adjustment which reduced beginning net position by the net position liability as of June 30, 2015.

E. ASSETS, LIABILITES, AND EQUITY

Cash and cash equivalents. The School considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents

Allowance for doubtful accounts. The School considers all accounts receivable to be collectible and, accordingly, provides no allowance for doubtful accounts.

Capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Equipment	3 - 5 years
Building and improvements	5 - 15 years

Pensions. 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/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITES, AND EQUITY (continued)

Fund balance classification. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources at June 30, 2016.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified emergency reserves required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2016.

- Assigned: This classification includes amounts that are contrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for the General Fund to reflect the use of fund balances to fund 2016/2017 budgeted expenditures.

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITES, AND EQUITY (continued)

Fund balance classification. (continued)

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund resources first to be defer the use of these other classified funds.

Comparative data/reclassifications. Comparative amounts in total have been presented for the governmental fund financial statements. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

F. BUDGET AND BUDGETARY ACCOUNTING

The School follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The School adopts budgets for all funds.
b. During May the proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1.
c. Prior to June 30, the budget is adopted and appropriations are authorized by Board resolution at the fund level for all funds
d. The budget is adopted on a basis consistent with the accounting method used for each fund.
e. Expenditures may not legally exceed appropriations at the fund level. The Board may increase or decrease the budget and appropriations during the year within Colorado law restrictions. Budget amounts included in the financial statements are based on the final, legally amended budget
f. Appropriations lapse at the end of each year and the Board may adopt supplemental appropriations during the year. Supplemental appropriations were adopted during the year ended June 30, 2016.

Originally adopted budgeted expenditures, amendments and the final, amended budgeted expenditures for the year ended June 30, 2016 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	$253,417	30,000	283,417

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state 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 the aggregate uninsured deposits.

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2016 none of the School's bank balances of $129,138 were exposed to custodial credit risk as all was insured.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts.

The School had no investments during the year ended June 30, 2016.

3 - CAPITAL ASSETS

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

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets being depreciated:				
Building and improvements	$363,286			363,286
Equipment	22,111			22,111
TOTAL CAPITAL ASSETS BEING DEPRECIATED	385,397			385,397
Less accumulated depreciation for:				
Building and improvements	256,192	15,905		272,097
Equipment	16,899	1,535		18,434
TOTAL ACCUMULATED DEPRECIATION	273,091	17,440		290,531
Governmental activity capital assets, net	$112,306	(17,440)		94,866

3 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the School as follows:

Governmental activities:	
Child care	$ 1,534
Facilities	15,906
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	$17,440

4 - SHORT-TERM DEBT

The School had no short-term debt during the year ended June 30, 2016.

5 - STATUS REGARDING REVENUE, SPENDING AND DEBT LIMITS AND EMERGENCY RESERVES

Section 20, Article X of the Colorado Constitution, commonly known as the "Taxpayer's Bill of Rights" (TABOR) contains revenue, spending, tax and other limitations which apply to the State of Colorado and local governments. TABOR requires, with certain limitations, advance voter approval for any new tax, tax rate increase, mill levy change above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government and to establish emergency reserves to be used for declared emergencies only.

School management believes that the School is in compliance with the requirements of the Section. However, TABOR is complex and subject to interpretation. Many of its provisions, including its application to a charter school, will require judicial interpretation. The emergency reserves required under the Section have been funded.

6 - RISK MANAGEMENT

The School is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure is covered by purchase of insurance, including worker's compensation, and employee health and accident insurance from Montrose County School District RE-1J. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7 - RELATED PARTIES

As described in Note 1, Passage Charter School is a component unit of Montrose County School District RE-1J and operates as a public school within the Montrose County School District RE-1J. The District provides various services to the School and the School is held accountable to the District.

The School contracts with the District for payment of salaries and other payroll costs. The District provides insurance coverage for the School and the School reimburses the District for the cost. The School and the District have entered into an agreement whereby the District will fund 100 percent of the District's equalization funding based on the School's enrollment. The agreement continues through June 12, 2016.

For the year ended June 30, 2016, the School received $135,884 from the District for equalization funding and various grants. The School paid the District $197,096 for salaries, other payroll costs, insurance and other services.

7 - RELATED PARTIES (continued)

At June 30, 2016, the School had a receivable from the District of $1,230 and a payable to the District of $3,561.

8 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses which could lead to reimbursement to the grantor agencies. School management is not aware of any such expenses which would not be allowed.

9 - DEFINED BENEFIT PENSION PLAN

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 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/investment/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit options 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.

9 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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. 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.

9 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the year ended 12/31/2015	For the year ended 12/31/2016
Employer contribution rate	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)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	4.00%	4.50%
Total employer contribution rate to the SCHDTF	17.33%	18.13%

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 from the School were $20,282 for the year ended June 30, 2016.

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

At June 30, 2016, the School reported a liability of $356,659 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 proportion of the net pension liability was based on School contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District-wide proportion was 0.6794312866 percent, which was a decrease of 0.0141993646 percent from its proportion measured as of December 31, 2014. The District allocated 0.343 percent of that total to the School based on its share of PERA employer contributions paid through the District.

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2016, the recognized pension expense for the School was $34,447.

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	$ 4,710	15
Changes of assumptions or other inputs		5,040
Net difference between projected and actual earnings or pension plan investments	30,307	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,349	(793)
Contributions subsequent to the measurement date	9,973	
Totals	$46,339	4,262

The $8,744 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2017	$ 8,990
2018	8,755
2019	8,141
2020	6,219
Thereafter	
Totals	$ 32,105

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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.

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

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

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

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reached 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.

9 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 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 of determine the total pension liability. The discount rate determination does no 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%)
$462,335	356,659	268,757

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.

Payables to the pension plan

The School had no payables due to the SCHDTF at June 30, 2016.

10 - DEFINED CONTRIBUTION PENSION PLAN

Plan Description - Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the plan. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. The District makes no contributions to the Voluntary Investment Program. For the year ending June 30, 2016, no employee contributions were made.

11 - OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description - The School contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer post-employment healthcare plan 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 purposed of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The School is required to contribute at a rate of 1.02 percent of covered 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 $1,318, $1,416, and $1,679, respectively, equal to their required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

PASSAGE CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2016
(With comparative actual amounts for the year ended June 30, 2015)

		2016				2015
		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
REVENUES						
Local sources:						
Childcare fees	$	42,000	44,974	59,105	14,131	45,783
Contributions		72,000	104,000	80,607	(23,393)	92,760
Miscellaneous		500	500	80	(420)	262
		114,500	149,474	139,792	(9,682)	138,805
State sources:						
Equalization		72,110	115,158	115,157	(1)	114,619
Student re-engagement				990	990	
At risk funding					-	5,128
Capital construction		2,500	2,500	3,877	1,377	2,793
		74,610	117,658	120,024	2,366	122,540
Federal sources:						
USDA food program		4,200	4,200	4,442	242	4,858
Title I		11,885	11,885	12,241	356	13,580
Title II (A)		200	200	200	-	200
		16,285	16,285	16,883	598	18,638
TOTAL REVENUES		205,395	283,417	276,699	(6,718)	279,983
EXPENDITURES						
Current:						
Instruction		107,646	107,646	104,419	3,227	109,165
Childcare		70,430	70,430	100,789	(30,359)	91,122
Administration		42,152	42,152	46,896	(4,744)	49,428
Facilities		14,989	14,989	12,908	2,081	16,347
Food service		4,200	4,200	4,443	(243)	4,858
Capital outlay		4,000	4,000	3,877	123	4,939
Contingency		10,000	40,000		40,000	
TOTAL EXPENDITURES		253,417	283,417	273,332	10,085	275,859
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(48,022)	-	3,367	3,367	4,124
Fund Balance, Beginning of Year		60,330	60,330	76,046	15,716	71,922
Fund Balance, End of Year	$	12,308	60,330	79,413	19,083	76,046

PASSAGE CHARTER SCHOOL

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended June 30, 2016

MEASUREMENT DATE	EMPLOYER PROPORTION OF NPL	EMPLOYER PROPORTIONATE SHARE OF NPL	EMPLOYER COVERED PAYROLL	EMPLOYER PROPORTIOATE SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL	PENSION PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
December 31, 2014	0.002324%	$ 314,967	97,357	324%	63%
December 31, 2015	0.002332%	356,659	133,713	267%	59%

PASSAGE CHARTER SCHOOL

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended June 30, 2016

FISCAL YEAR ENDED	REQUIRED EMPLOYER CONTRIBUTION	EMPLOYER CONTRIBUTIONS RECOGNIZED BY THE PLAN	DIFFERENCE	EMPLOYER COVERED PAYROLL	CONTRIBUTIONS A PERCENTAGE OF EMPLOYER COVERED PAYROLL
June 30, 2015	$ 17,966	17,966		100,328	17.9%
June 30, 2016	24,536	24,536		133,173	18.35%