

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY
COLORADO SPRINGS, COLORADO
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2017**



RECEIVED

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**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

ROSTER OF OFFICIALS

Year Ended June 30, 2017

Board Of Directors

Dan Geoffroy - President
Jeff Leasure - Vice President
Patricia Jesse - Secretary
Bryan Campbell - Treasurer
Matt Hughes - Director

Administrative Staff

Colin Mullaney - Executive Director
Ward Barr - Principal
Diane Borre - Business Manager

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

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**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

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INTRODUCTORY SECTION

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Management Discussion And Analysis
(Required Supplementary Information – Unaudited)

Cheyenne Mountain Charter Academy dba The Vanguard School

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2017

As management of The Vanguard School, we offer readers of the school's basic financial statements this narrative and analysis of the financial activities of Vanguard for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided by auditors in the Independent Auditor's Report.

Financial Highlights

The year ending June 30, 2017, is the twenty-second year of operations for the school. In that period, the general fund balance changed to \$3,010,873 from \$2,451,507. School operations are funded primarily by tax revenue received under the State School Finance Act. Tax revenue for the year from Per Pupil Revenue was approximately \$9,003,486. The school operated within its budget and there were no major budget revisions during the year.

Overview of Financial Statements

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

Government-wide Financial Statements

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 the school's assets and liabilities, with the difference between the two being reported as net position. Over time, the 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 income statement presents information showing how the school's net position changed during the year. All changes in net worth are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of yearend).

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2017	2016
Current Assets	\$ 4,548,866	\$ 3,559,982
Capital Assets - Net	1,318,411	1,442,313
Total Assets	<u>5,867,277</u>	<u>5,002,295</u>
Deferred Outflows	<u>13,479,403</u>	<u>2,348,976</u>
Current Liabilities	1,537,993	1,108,477
Long-Term Liabilities	<u>33,542,601</u>	<u>16,478,088</u>
Total Liabilities	<u>35,080,594</u>	<u>17,586,565</u>
Deferred Inflows	<u>151,021</u>	<u>232,439</u>
Net Investment in Capital Assets	1,318,411	1,442,313
Restricted Net Position	302,000	284,000
Unrestricted Net Position	<u>(17,505,346)</u>	<u>(12,194,046)</u>
Total Net Position (Deficit)	<u>\$ (15,884,935)</u>	<u>\$ (10,467,733)</u>

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2017	2016
Program Revenues:		
Charges for Services	\$ 567,579	\$ 504,313
Operating Grants	198,809	223,534
Capital Grants	<u>354,679</u>	<u>319,392</u>
Total Program Revenues	<u>1,121,067</u>	<u>1,047,239</u>
General Revenues:		
Per Pupil	9,003,486	8,567,049
Investment Income	4,123	7,706
Miscellaneous	<u>13,629</u>	<u>14,301</u>
Total General Revenues	<u>9,021,238</u>	<u>8,589,056</u>
Total Revenues	<u>10,142,305</u>	<u>9,636,295</u>
Expenses		
Instruction	9,933,036	6,170,074
Supporting Services	4,696,907	2,946,424
Community Service	6,112	5,658
Debt Service Interest	1,108,519	1,193,905
Depreciation	<u>123,902</u>	<u>122,869</u>
Total Expenses	<u>15,868,476</u>	<u>10,438,930</u>
Transfers	<u>308,967</u>	<u>292,519</u>
Change in Net Position	<u>(5,417,204)</u>	<u>(510,116)</u>
Net Position - Beginning	<u>(10,467,731)</u>	<u>(9,957,617)</u>
Net Position - Ending	<u>\$ (15,884,935)</u>	<u>\$ (10,467,733)</u>

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 keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund tracking is reported in the auditor's report. The school adopts an annual budget for all funds. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the school's financial position. For the year ending June 30, 2017, the school's revenues exceeded expenses by \$559,366 in the general fund. The ending fund balance in the general fund – governmental funds is \$3,010,873. Approximately \$298,000 of these funds are restricted to comply with Article X, Section 20, of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of the school. The remaining approximately \$2,712,875 is unrestricted and available to meet the school's ongoing financial obligations.

The school's Statement of Net Position shows a negative balance of \$(15,884,935) as of June 30, 2017. This was due to GASB Statement No. 68 implementation. GASB 68 requires Vanguard to report the net pension liability of the school's proportionate share in the PERA pension plan, which is \$33,542,601. This liability must be reported on the school's financial statements but is not an actual liability owed by the school.

Financial Analysis of the School's Funds

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

General Fund Budgetary Highlights

The school budgeted for expenditures in the general fund of \$9,984,118 for the year ended June 30, 2017. Actual expenditures were \$9,732,734. The school budgeted for revenues in the general fund of \$10,094,071. Actual revenues received were \$10,017,420.

Capital Asset and Debt Administration

Capital assets. The school's investment in capital assets as of June 30, 2017, amounts to \$20,641,707 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and playground, office and instructional equipment. The detail of this investment is in Note 3 to the financial statements.

	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated				
Land Improvements	\$ 245,714	\$ -	\$ -	\$ 245,714
Total Capital Assets Not Being Depreciated	<u>245,714</u>	<u>-</u>	<u>-</u>	<u>245,714</u>
Capital Assets Being Depreciated				
Land and Building Improvements	1,280,540	-	-	1,280,540
Equipment	<u>42,317</u>	<u>-</u>	<u>-</u>	<u>42,317</u>
Total Capital Assets Being Depreciated	<u>1,322,857</u>	<u>-</u>	<u>-</u>	<u>1,322,857</u>
Less: Accumulated Depreciation:				
Land and Building Improvements	(120,616)	(121,081)	-	(241,697)
Equipment	<u>(5,642)</u>	<u>(2,821)</u>	<u>-</u>	<u>(8,463)</u>
Total Accumulated Depreciation	<u>(126,258)</u>	<u>(123,902)</u>	<u>-</u>	<u>(250,160)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,442,313</u>	<u>\$ (123,902)</u>	<u>\$ -</u>	<u>\$ 1,318,411</u>
	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
Fiduciary Capital Assets:				
Capital Assets Not Being Depreciated				
Sites	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000
Construction in Progress	<u>-</u>	<u>3,468,760</u>	<u>-</u>	<u>3,468,760</u>
Total Capital Assets Not Being Depreciated	<u>3,475,000</u>	<u>3,468,760</u>	<u>-</u>	<u>6,943,760</u>
Capital Assets Being Depreciated				
High School and K-4 Building	10,444,580	46,796	-	10,491,376
Gym & Modular Units	<u>7,831,208</u>	<u>-</u>	<u>-</u>	<u>7,831,208</u>
Total Capital Assets Being Depreciated	<u>18,275,788</u>	<u>46,796</u>	<u>-</u>	<u>18,322,584</u>
Less: Accumulated Depreciation:				
High School and K-4 Building	(2,576,693)	(351,070)	-	(2,927,763)
Gym & Modular Units	<u>(2,754,245)</u>	<u>(261,040)</u>	<u>-</u>	<u>(3,015,285)</u>
Total Accumulated Depreciation	<u>(5,330,938)</u>	<u>(612,110)</u>	<u>-</u>	<u>(5,943,048)</u>
Fiduciary Capital Assets, Net	<u>\$ 16,419,850</u>	<u>\$ 2,903,446</u>	<u>\$ -</u>	<u>\$ 19,323,296</u>

Long-term debt. In May 2016, the Foundation obtained a loan for \$25,120,000 to refund 2006 and 2007 bonds and to finance the construction of new facilities and improve existing ones. The new loan rates range from 3% - 5% with a true interest rate of 3.64%. The final maturity is June 15, 2047. This amount is collateralized by the school building. The school maintains credit ratings with Standard and Poor's Ratings Services. Long-term debt is detailed in Note 5 to the financial statements.

	Balance		Payments on		Balance	Current
	6/30/16	Advances	Refunding	Payments	6/30/17	Portion
Cheyenne Mountain Charter Academy						
Accrued Compensated Absences	\$ 78,420	\$ 39,640	\$ -	\$ -	\$ 118,060	\$ -
PERA Net Pension Liability	16,399,668	17,024,873	-	-	33,424,541	-
Total Long Term Obligations	\$ 16,478,088	\$ 17,064,513	\$ -	\$ -	\$ 33,542,601	\$ -
Foundation - Blended Component Unit						
2016 Colorado Educational and Cultural Facilities Loan	\$ 25,120,000	\$ -	\$ -	\$ -	\$ 25,120,000	\$ 440,000
Bond Premiums	898,281	-	-	-	898,281	-
Total Long Term Obligations	\$ 26,018,281	\$ -	\$ -	\$ -	\$ 26,018,281	\$ 440,000
Deferred Charge on Refunding	\$ 831,942	-	-	-	\$ 831,942	-

Economic Factors and Next Year's Budget

The primary factor driving the budget for the school is student enrollment. Grades K-8 were full with waiting lists for all grades. Enrollment in grades K-12 for the 2016-17 school year was 1338 (1277 FTE). The enrollment in grades K-12 for the 2017-18 school year is projected to be 1349 (1289 FTE). This factor was considered in preparing the school's budget.

Requests for Information

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

The Vanguard School
Business Office
1605 S. Corona Avenue
Colorado Springs, CO 80905

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
The Vanguard School at
Cheyenne Mountain Charter Academy
Colorado Springs, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of The Vanguard School at Cheyenne Mountain Charter Academy, (the "School"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the School, 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 the 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 of 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of The Vanguard School at Cheyenne Mountain Charter Academy, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Vanguard School at Cheyenne Mountain Charter Academy's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M5 and pension schedules on 31 - 32 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 33 - 34 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. In addition, the budgetary comparison schedules on pages 35 - 37 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

November 20, 2017
Englewood, Colorado

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Basic Financial Statements

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

**STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	\$ 1,714,037
Cash with Fiscal Agent	5,062
Internal Balances	2,812,657
Inventory	14,910
Loans Receivable	<u>2,200</u>
Total Current Assets	<u>4,548,866</u>
Noncurrent Assets	
Capital Assets not being depreciated	245,714
Capital Assets being depreciated	1,322,857
Accumulated Depreciation	<u>(250,160)</u>
Total Noncurrent Assets	<u>1,318,411</u>
TOTAL ASSETS	<u>5,867,277</u>
DEFERRED OUTFLOWS	
Contributions Subsequent to Measurement Date	460,163
Change in School's Proportionate Share of the Net Pension Liability - net	638,168
Difference Between Actual and Expected Experience - net	417,858
Difference Between Projected and Actual Returns on Pension Plan Investments - net	1,117,647
Change in Changes of Assumptions for Deferred Outflows - net	<u>10,845,567</u>
TOTAL DEFERRED OUTFLOWS	<u>13,479,403</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 19,346,680</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 938,766
Accrued Salaries and Benefits	462,309
Unearned Revenue	<u>136,918</u>
Total Current Liabilities	1,537,993
Noncurrent Liabilities	
Due In More Than One Year	<u>33,542,601</u>
TOTAL LIABILITIES	<u>35,080,594</u>
DEFERRED INFLOWS	
Difference Between Projected and Actual Pension Plan Experience - net	294
Change in Pension Plan Assumptions - net	<u>150,727</u>
TOTAL DEFERRED INFLOWS	<u>151,021</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,318,411
Restricted for TABOR Emergency	302,000
Unrestricted	<u>(17,505,346)</u>
TOTAL NET POSITION	<u>(15,884,935)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 19,346,680</u>

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

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	REVENUE AND
					CHANGES IN NET POSITION
					PRIMARY GOVERNMENT
					GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT:					
GOVERNMENT ACTIVITIES:					
Current:					
Instruction	\$ 9,933,036	\$ 532,368	\$ 197,951	\$ 354,679	\$ (8,848,038)
Supporting Services	4,696,907	35,211	858	-	(4,660,838)
Community Services	6,112	-	-	-	(6,112)
Debt Service - Lease Payments	1,108,519	-	-	-	(1,108,519)
Depreciation (Unallocated)	123,902	-	-	-	(123,902)
TOTAL PRIMARY GOVERNMENT	\$ 15,868,476	\$ 567,579	\$ 198,809	\$ 354,679	(14,747,409)
 GENERAL REVENUES:					
Per Pupil Revenues from Cheyenne Mountain School District 12					9,003,486
Investment Earnings					4,123
Miscellaneous					13,629
TRANSFERS					308,967
TOTAL GENERAL REVENUES AND TRANSFERS					9,330,205
 CHANGE IN NET POSITION					(5,417,204)
NET POSITION - Beginning					(10,467,731)
NET POSITION - Ending					\$ (15,884,935)

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

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

With Comparative Totals for June 30, 2016

	<u>GENERAL</u> <u>FUND</u>	<u>NONMAJOR</u> <u>SPORTS FUND</u>	<u>TOTAL</u>	
			2017	2016
ASSETS				
Cash and Investments	\$ 1,712,881	\$ 1,156	\$ 1,714,037	\$ 3,363,696
Cash with Fiscal Agent	5,062	-	5,062	5,062
Accounts Receivable	-	-	-	91,543
Due from Other Funds	2,812,657	-	2,812,657	75,607
Inventory	14,910	-	14,910	24,075
Loans Receivable	2,200	-	2,200	-
TOTAL ASSETS	<u>\$ 4,547,710</u>	<u>\$ 1,156</u>	<u>\$ 4,548,866</u>	<u>\$ 3,559,983</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 937,610	\$ 1,156	\$ 938,766	\$ 171,546
Accrued Salaries and Benefits	462,309	-	462,309	787,167
Unearned Revenue	136,918	-	136,918	149,763
TOTAL LIABILITIES	<u>1,536,837</u>	<u>1,156</u>	<u>1,537,993</u>	<u>1,108,476</u>
FUND BALANCES				
Restricted:				
for Tabor Emergency	302,000	-	302,000	287,000
Other Assigned Fund Balance	300,000	-	300,000	300,000
Unrestricted Fund Balance	2,408,873	-	2,408,873	1,864,506
TOTAL FUND BALANCES	<u>3,010,873</u>	<u>-</u>	<u>3,010,873</u>	<u>2,451,507</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,547,710</u>	<u>\$ 1,156</u>	<u>\$ 4,548,866</u>	<u>\$ 3,559,983</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS			\$ 3,010,873	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:

Capital Assets not being depreciated	245,714
Capital Assets being depreciated	1,322,857
Accumulated Depreciation	(250,160)

Earned but unpaid accumulated leave balances are not reported in the funds:

Accrued Compensated Absences	(118,060)
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Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds:

Contributions subsequent to measurement date	460,163
Difference between actual and expected experience	701,770
Amortization of experience difference	(283,912)
Difference between projected and actual investment returns on the pension plan	1,989,956
Amortization of investment return difference	(872,309)
Changes of assumptions for deferred outflows	15,236,484
Amortization of change in assumptions for deferred outflows	(4,390,917)
Net pension liability	(33,424,541)
Difference between projected and actual pension plan experience	(1,557)
Amortization of pension plan experience difference	1,263
Changes of assumptions for deferred inflows	(334,544)
Amortization of change in assumptions for deferred inflows	183,817
Change in School's proportionate share of net pension liability	1,364,027
Amortization of change in proportion	(725,859)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (15,884,935)

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

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	GENERAL FUND	NONMAJOR SPORTS FUND	TOTAL	
			2017	2016
REVENUES				
Local Sources	\$ 9,520,471	\$ 124,885	\$ 9,645,356	\$ 9,181,307
State Sources	411,883	-	411,883	369,622
Federal Sources	85,066	-	85,066	85,368
TOTAL REVENUES	<u>10,017,420</u>	<u>124,885</u>	<u>10,142,305</u>	<u>9,636,297</u>
EXPENDITURES				
Current:				
Instruction	5,563,518	159,172	5,722,690	5,402,771
Supporting Services	3,054,585	-	3,054,585	2,703,434
Community Support	6,112	-	6,112	5,658
Debt Service - Lease Payments (Foundation)	1,108,519	-	1,108,519	1,193,905
TOTAL EXPENDITURES	<u>9,732,734</u>	<u>159,172</u>	<u>9,891,906</u>	<u>9,305,768</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	284,686	(34,287)	250,399	330,529
OTHER FINANCING SOURCES				
Transfers In (Out)	274,680	34,287	308,967	292,519
CHANGE IN FUND BALANCE	559,366	-	559,366	623,048
FUND BALANCES, Beginning	2,451,507	-	2,451,507	1,828,459
FUND BALANCES, Ending	<u>\$ 3,010,873</u>	<u>\$ -</u>	<u>\$ 3,010,873</u>	<u>\$ 2,451,507</u>

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ 559,366

Amounts reported for governmental activities in the statement of activities are different because:

Purchases of capital assets are expensed in governmental funds:
and depreciated on the statement of activities:

Depreciation Expense (123,902)

Accrued compensated absences are recorded on the cash basis in the funds:

Change in accrued compensated absences (39,640)

Pension expense at the fund level represent cash contributions to the
defined benefit plan. For the activity level presentation, the amount
represents the actuarial cost of the benefits for the fiscal year:

Change in contributions subsequent to measurement date	37,346
Change in the difference between actual and expected experience (outflows)	403,180
Change in the amortization of experience difference (outflows)	(201,882)
Current year projected to actual investment return difference	142,476
Current year amortization of overall investment return differences	(419,261)
Change in the changes of assumptions for deferred outflows	15,236,484
Change in the amortization of change in assumptions for deferred outflows	(4,390,917)
Change in net pension liability	(17,024,873)
Current year projected to actual pension plan experience difference (inflows)	(70)
Current year amortization of overall pension plan experience differences (inflows)	459
Change in the changes of assumptions for deferred inflows	(15,001)
Change in the amortization of change in assumptions for deferred inflows	96,030
Current year change in proportionate share of cost-sharing plan liability	704,480
Current year amortization of overall proportionate share differences	<u>(381,479)</u>

CHANGE IN NET POSITION IN GOVERNMENTAL ACTIVITIES

\$ (5,417,204)

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

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

With Comparative Totals for June 30, 2016

	FOUNDATION FUND	STUDENT ACTIVITY AGENCY FUND	TOTAL	
			2017	2016
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Restricted Cash and Investments	\$ 6,993,615	\$ 60,081	\$ 7,053,696	\$ 8,146,958
Capital Assets	25,266,345	-	25,266,345	21,750,788
Accumulated Depreciation	(5,943,048)	-	(5,943,048)	(5,330,938)
Total Assets	26,316,912	60,081	26,376,993	24,566,808
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Deferred Charge on Refunding - net	831,942	-	831,942	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 27,148,854	\$ 60,081	\$ 27,208,935	\$ 24,566,808
LIABILITIES AND NET POSITION				
LIABILITIES				
CURRENT LIABILITIES				
Accrued Liabilities	\$ 40,964	\$ -	\$ 40,964	\$ 149,514
Interfund Payables	2,812,657	-	2,812,657	75,607
Current Portion of Long Term Debt	440,000	-	440,000	510,000
Total Current Liabilities	3,293,621	-	3,293,621	735,121
NONCURRENT LIABILITIES				
Bonds Payable	-	-	-	(443,661)
Loan Payable	24,680,000	-	24,680,000	25,120,000
Loan Premium	898,281	-	898,281	-
Total Noncurrent Liabilities	25,578,281	-	25,578,281	24,676,339
Total Liabilities	28,871,902	-	28,871,902	25,411,460
NET POSITION				
Restricted for the Benefit of Others	(1,723,048)	60,081	(1,662,967)	(844,652)
TOTAL LIABILITIES AND NET POSITION	\$ 27,148,854	\$ 60,081	\$ 27,208,935	\$ 24,566,808

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

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	FOUNDATION FUND	STUDENT ACTIVITY AGENCY FUND	TOTAL	
			2017	2016
ADDITIONS				
Interest Income	\$ 2,425	\$ -	\$ 2,425	\$ 478
Rent Revenue	1,108,519	-	1,108,519	1,193,905
Capital Contributions	-	-	-	224,393
Student and Other Receipts	-	62,448	62,448	120,681
TOTAL ADDITIONS	1,110,944	62,448	1,173,392	1,539,457
DEDUCTIONS				
Purchased Services - Professional	17,782	-	17,782	423,053
Purchased Services - Property	321,620	-	321,620	-
Supplies and Other	-	59,143	59,143	95,139
Depreciation	612,110	-	612,110	609,193
Debt Service	981,052	-	981,052	570,207
TOTAL DEDUCTIONS	1,932,564	59,143	1,991,707	1,697,592
CHANGE IN NET POSITION	(821,620)	3,305	(818,315)	(158,135)
FIDUCIARY NET POSITION, Beginning	(901,428)	56,776	(844,652)	(686,517)
FIDUCIARY NET POSITION, Ending	\$ (1,723,048)	\$ 60,081	\$ (1,662,967)	\$ (844,652)

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

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Vanguard School at Cheyenne Mountain Charter Academy (the "School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the School's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting.

Based upon the application of these criteria, one additional organization is includable within the School's reporting entity, the Cheyenne Mountain Charter School Foundation (the "Foundation"), a blended component unit. The School is considered a component unit of Cheyenne Mountain School District 12 (the "District"). It is the administrative position of the Colorado Department of Education that a charter school has the same relationship to a public school as does any other school program or school building within a school district. A charter school is part of a local school district that is a political subdivision of the State of Colorado. The School and Foundation have organized as non-profit corporations under the laws of the State of Colorado and Section 501(c) (3) of the Internal Revenue Code. The School and Foundation were created to help guide students in development of their character and academic potential through an academically rigorous, content rich educational program.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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

Government-Wide and Fund Financial Statements (Continued)

Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants 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 operation or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned; expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Entitlement revenues are recognized to the extent of related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the government.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The School reports the following funds:

General Fund This fund is the primary operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Sports Fund This nonmajor special revenue fund is used to account for the proceeds received for various sports related activities and to account for expenditures related to ongoing student activities such as sporting events.

Foundation Fund This fiduciary fund is for the blended component unit of the School. The Foundation was used to issue debt and construct the original facilities for the School.

Student Activity Agency Fund This fiduciary fund is used to account for the proceeds received for various student activities. The fund is used for ongoing student activities such as student events, clubs and sporting events.

Amounts reported as Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided;
- Operating grants and contributions; and
- Capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and District flow through per pupil funding.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

- Budgets are required by state law for all funds. By May 31, the Administrators submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Directors.

Assets, Deferred Inflows, Liabilities, Deferred Outflows, and Net Position/Fund Balance

Cash The School's cash and cash equivalents are considered to be cash-on-hand and demand deposits, which are deposited in checking accounts which are legally authorized.

Deposits All deposits are reported at their gross value.

Due From Primary Government Activities with primary government that are representative of cash held by the primary government at the end of the fiscal year are referred to as either "Due From Primary Government" or "Due to Primary Government". There were no amounts to be reported as of June 30, 2015.

Capital Assets Capital Assets, which include property, buildings, and equipment, are reported as either governmental activity capital assets if acquired through operating resources or in the blended component unit, the Foundation Fund, if funded as part of the initial facility construction. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, buildings and equipment of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Building Improvements	10-20
Equipment	15

Long-Term Obligations Long-term obligations in the government-wide financial statements are reported as liabilities in the applicable activity.

Vacation, Sick Leave, and Other Compensated Absences Employees are entitled to certain compensated absences based on their length of employment. Except for sick leave, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Compensated absences (sick leave) are reflected in the Governmental Activities. Since all employees are contracted to work a set number of days during a year, no vacation accrual accumulates.

Deferred outflows/inflows of resources In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category, both related to outstanding pension obligations and further described in Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School reports deferred inflows for pension related deferrals as further described in Note 9.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balance In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent is expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund is presented as unassigned.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures

Revenues for governmental funds are recorded when they become measurable and available. Generally, per-pupil operating revenues and fees are recognized when received. Grants from other governments are recognized to the extent of related expenditures, or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures. Expenditures for governmental funds are generally recognized when the related liability is incurred.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2017 were as follows:

<u>Type</u>	<u>Rating</u>	<u>Weighted Maturity (Yrs)</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits:				
Demand deposits - FDIC Insured			\$ 503,991	\$ 503,991
Certificates of Deposits - FDIC Insured			250,000	250,000
Demand deposits - PDPA Collateralized (not in School's name)			1,206,243	654,408
Certificates of Deposits - PDPA Collateralized (not in School's name)			16,508	16,508
Cash on hand			-	3,147
Total Deposits			<u>1,976,742</u>	<u>1,428,054</u>
Investments:				
Mutual Funds - Federated Prime Oblig. Fund	AAAm	(1.00)		1,550,914
Mutual Funds - Federated Treasury Oblig. Fund	AAAm	(1.00)		5,442,701
Federal Home Loan Bank	Aaa	1.41		348,386
Total Investments		<u>(0.89)</u>		<u>7,342,001</u>
Total Deposits and Investments				<u>\$ 8,770,055</u>
Reconciliation to Financial Statements:				
Cash and Investments - Governmental Activities				\$ 1,714,037
Cash with Fiscal Agent - Governmental Activities				5,062
Cash and Investments - Restricted Foundation				6,993,615
Cash and Investments - Restricted Pupil Activity				60,081
Total Deposits and Investments				<u>\$ 8,772,794</u>

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 regulations.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At June 30, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all 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.

Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments had a bank balance as summarized above at June 30, 2017, which was fully insured by depository insurance or secured with collateral held through PDPA. All investments evidenced by individual securities are registered in the name of the School.

Investment interest rate risk

The School has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than those contained in Colorado Revised Statutes. Maturities of investments held at June 30, 2017 are provided in the previous schedule and are tiered to mature at intervals within a five year maximum range.

Investment credit risk

The School has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment credit risk (Continued)

4. County, municipal, or school tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school;

5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and

6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4, above.

The School's Foundation is not subject to state statute.

Concentration of investment credit risk

The School places no limit on the amount it may invest in any one issuer. At June 30, 2017, the School had no concentration of credit risk.

The School invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ -	\$ 6,993,615	\$ -	\$ 6,993,615
U.S. Agencies	-	348,386	-	348,386
Total Investments	<u>\$ -</u>	<u>\$ 7,342,001</u>	<u>\$ -</u>	<u>\$ 7,342,001</u>

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 3: CAPITAL ASSETS

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

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Fiduciary Capital Assets:				
Capital Assets Not Being Depreciated				
Sites	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000
Construction in Progress	-	3,468,760	-	3,468,760
Total Capital Assets Not Being Depreciated	<u>3,475,000</u>	<u>3,468,760</u>	<u>-</u>	<u>6,943,760</u>
Capital Assets Being Depreciated				
High School and K-4 Building	10,444,580	46,796	-	10,491,376
Gym & Modular Units	7,831,208	-	-	7,831,208
Total Capital Assets Being Depreciated	<u>18,275,788</u>	<u>46,796</u>	<u>-</u>	<u>18,322,584</u>
Less: Accumulated Depreciation:				
High School and K-4 Building	(2,576,693)	(351,070)	-	(2,927,763)
Gym & Modular Units	(2,754,245)	(261,040)	-	(3,015,285)
Total Accumulated Depreciation	<u>(5,330,938)</u>	<u>(612,110)</u>	<u>-</u>	<u>(5,943,048)</u>
Fiduciary Capital Assets, Net	<u>\$ 16,419,850</u>	<u>\$ 2,903,446</u>	<u>\$ -</u>	<u>\$ 19,323,296</u>
	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated				
Land Improvements	\$ 245,714	-	-	\$ 245,714
Total Capital Assets Not Being Depreciated	<u>245,714</u>	<u>-</u>	<u>-</u>	<u>245,714</u>
Capital Assets Being Depreciated				
Land and Building Improvements	1,280,540	-	-	1,280,540
Equipment	42,317	-	-	42,317
Total Capital Assets Being Depreciated	<u>1,322,857</u>	<u>-</u>	<u>-</u>	<u>1,322,857</u>
Less: Accumulated Depreciation:				
Land and Building Improvements	(120,616)	(121,081)	-	(241,697)
Equipment	(5,642)	(2,821)	-	(8,463)
Total Accumulated Depreciation	<u>(126,258)</u>	<u>(123,902)</u>	<u>-</u>	<u>(250,160)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,442,313</u>	<u>\$ (123,902)</u>	<u>\$ -</u>	<u>\$ 1,318,411</u>

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 4: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, are \$462,309. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 5: LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2017 was as follows:

	Balance		Payments on		Balance	Current
	6/30/16	Advances	Refunding	Payments	6/30/17	Portion
Cheyenne Mountain Charter Academy						
Accrued Compensated Absences	\$ 78,420	\$ 39,640	\$ -	\$ -	\$ 118,060	\$ -
PERA Net Pension Liability	16,399,668	17,024,873	-	-	33,424,541	-
Total Long Term Obligations	\$ 16,478,088	\$ 17,064,513	\$ -	\$ -	\$ 33,542,601	\$ -
	Balance	Advances	Payments on	Payments	Balance	Current
	6/30/2016		Refunding		6/30/2017	Portion
Foundation - Blended Component Unit						
2016 Colorado Educational and Cultural Facilities Loan	\$ 25,120,000	\$ -	\$ -	\$ -	\$ 25,120,000	\$ 440,000
Bond Premiums	898,281	-	-	-	898,281	-
Total Long Term Obligations	\$ 26,018,281	\$ -	\$ -	\$ -	\$ 26,018,281	\$ 440,000
Deferred Charge on Refunding	\$ 831,942	\$ -	\$ -	\$ -	\$ 831,942	\$ -

In May 2016, the School, through the Foundation, obtained a loan for \$25,120,000 to refund 2006 and 2007 bonds in addition financing construction improvements to the educational facilities and funding a debt service reserve fund. The new loan will have coupon payment rates ranging from 3.00% to 5.00%. Interest and principal will be paid annually on June 15th of each year starting June 15, 2017 and ending on June 16, 2047. The School has recorded bond premiums of \$898,281 and a deferred charge on refunding of \$831,942, both of which will be amortized over the life of the loan. The School recognized a net present value savings of \$1,539,464 through the refunding.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 5: LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

2018	\$	440,000	\$	983,100	\$	1,423,100
2019		455,000		969,900		1,424,900
2020		470,000		951,700		1,421,700
2021		490,000		932,900		1,422,900
2022		515,000		913,300		1,428,300
2023-2027		2,895,000		4,224,600		7,119,600
2028-2032		3,690,000		3,443,750		7,133,750
2033-2037		4,475,000		2,661,037		7,136,037
2038-2042		5,305,000		1,808,625		7,113,625
2043-2047		6,385,000		736,500		7,121,500
Total	\$	<u>25,120,000</u>	\$	<u>17,625,412</u>	\$	<u>42,745,412</u>

NOTE 6: DEFICIT NET POSITION

The Foundation Fund has deficit net position of \$1,923,142 as of June 30, 2017.

The Governmental Activities has a deficit net position of \$15,884,933, and an unrestricted net position deficit of \$17,501,344 primarily due to adding the PERA net pension liability of \$33,424,541, further described in note 9. As the School has no control over pension benefits or contribution rates, we expect this deficit net position to continue going forward.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 7: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND LEGAL COMPLIANCE

Claims and Judgments

The School participates in state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School is required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations.

The School is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and assessed valuation. Revenue received in excess of the limitations may be required to be refunded, unless authorized through ballot measure to retain the revenue. The Tabor Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Tabor Amendment requires the School to establish a reserve for emergencies. At June 30, 2017, the School's reserve of \$298,000 was recorded as a restricted fund balance in the General Fund.

NOTE 8: RISK MANAGEMENT

The School is exposed to various risks of loss related to: torts; theft of; damage to; destruction of assets; injuries to employees; and natural disasters. The School funds its outside insurance purchases, deductibles, and uninsured losses through the general fund. The School continues to carry commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial coverage.

THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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.

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/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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 VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan (Continued)

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 (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 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:

January 1st through December 31st	2014¹	2015¹	2016¹
Employer contribution rate	10.15%	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%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%
Total employer contribution rate to the SCHDTF	16.43%	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 from School were \$846,814 for the plan year ended December 31, 2016 and \$950,824 for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability of \$33,424,541 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The School's proportion of the net pension liability was based on School's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the School's proportion was .1123%, which was an increase of .0102% from its proportion measured as of December 31, 2015.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 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, 2017 the School recognized pension expense of \$6,380,576. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 417,858	\$ (294)
Changes of assumptions or other inputs	\$ 10,845,567	\$ (150,727)
Net difference between projected and actual earnings on pension plan investments	\$ 1,117,647	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ 638,168
Contributions subsequent to the measurement date	\$ 460,163	\$ -
Total	\$ 12,841,235	\$ 487,147

\$460,163 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Fiscal Year Totals
2018	\$ (5,226,441)
2019	(5,108,251)
2020	(2,522,377)
2021	(11,150)
Total	\$ (12,868,219)

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 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 as of December 31, 2015 actuarial valuation was determined based on the December 31, 2015 actuarial valuation using the following rollforward assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increase, including wage inflation	3.90-9.7%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 5.26%.

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 16, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED, and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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 on a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increase financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e. the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e. the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer Federal Obligation 20-year Municipal bond Index published weekly by the board of Governors of the Federal Reserve System was applied to periods on or after 2014 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26%.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated 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 of 7.50 percent 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 and the discount rate was 7.50 percent.

THE VANGUARD SCHOOL
 AT
 CHEYENNE MOUNTAIN CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2017

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension asset (liability)	\$ (42,030,286)	\$ (33,424,541)	\$ (26,416,147)

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 10: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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 can 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. The School does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2017 program members contributed \$35,272.

**THE VANGUARD SCHOOL
AT
CHEYENNE MOUNTAIN CHARTER ACADEMY**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE 11: DEFINED CONTRIBUTION PENSION PLAN

Health Care Trust Fund

Plan Description

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

Funding Policy

The School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 each of the two preceding, the School contributions to the HCTF were \$52,585, \$48,695, and \$46,577, respectively, equal to their required contributions for each year.

NOTE 12: OPERATING LEASE

In August 24, 2000, the School has entered into an operating lease for facilities. A second amendment to the lease began in September 2012 and runs through August 2017. The lease requires monthly base rents of \$4,428 totaling \$53,147 annually plus triple net charges. The lease contains an additional sixty month extension provision upon 120 days notice prior to expiration.

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**Required Supplementary Information
(Pension Schedules Unaudited)**

Cheyenne Mountain Charter Academy

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
District's proportion of the net pension asset (liability)	0.112261%	0.107227%	0.106883%	0.102070%
District's proportionate share of the net pension asset (liability)	\$ (33,424,541)	\$ (16,399,668)	\$ (14,486,199)	\$ (13,018,956)
District's covered-employee payroll	\$ 5,038,490	\$ 4,466,747	\$ 4,245,083	\$ 3,889,355
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	663.38%	663.38%	663.38%	367.15%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

Cheyenne Mountain Charter Academy

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Contractually required contributions	\$ 913,478	\$ 809,821	\$ 735,673	\$ 639,021
Actual contributions	<u>(913,478)</u>	<u>(809,821)</u>	<u>(735,673)</u>	<u>(639,021)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,038,490	\$ 4,466,747	\$ 4,245,083	\$ 3,889,355
Contributions as a percentage of covered-employee payroll	18.13%	18.13%	17.33%	16.43%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	2017				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POS (NEG)	2016 ACTUAL
REVENUES					
Local Sources:					
Per Pupil Operating Revenue Alloc.	\$ 9,007,523	\$ 9,007,523	\$ 9,003,486	\$ (4,037)	\$ 8,567,049
Tuition	240,000	340,000	246,501	(93,499)	211,213
Interest Income	5,000	5,000	4,123	(877)	7,706
Student Activity Fees	67,372	67,372	69,865	2,493	73,986
Fund Raising	-	-	858	858	4,113
Donations	60,000	60,000	55,681	(4,319)	83,823
Instructional Services Fees	89,421	89,421	91,117	1,696	86,491
Rental/Leases	50,000	50,000	35,211	(14,789)	20,850
Other Local	10,000	10,000	13,629	3,629	14,303
Total Local Sources	<u>9,529,316</u>	<u>9,629,316</u>	<u>9,520,471</u>	<u>(108,845)</u>	<u>9,069,534</u>
State Sources:					
Primary Government flow-through:					
Charter School Construction Grant	319,255	319,255	354,679	35,424	319,392
ECEA	20,000	60,000	57,204	(2,796)	50,230
Total State Sources	<u>339,255</u>	<u>379,255</u>	<u>411,883</u>	<u>32,628</u>	<u>369,622</u>
Federal Sources:					
Primary Government flow-through:					
Title I, A - Improving Basic Programs	75,000	77,500	76,566	(934)	76,568
Title II, A	8,000	8,000	8,500	500	8,800
Total Federal Sources	<u>83,000</u>	<u>85,500</u>	<u>85,066</u>	<u>(434)</u>	<u>85,368</u>
TOTAL REVENUES	<u>9,951,571</u>	<u>10,094,071</u>	<u>10,017,420</u>	<u>(76,651)</u>	<u>9,524,524</u>
EXPENDITURES					
Instruction:					
Salaries	3,985,181	3,987,681	3,891,636	96,045	3,744,423
Benefits	1,659,430	1,659,430	1,172,024	487,406	1,080,843
PS - Professional	-	-	8,500	(8,500)	8,800
PS - Other	172,053	209,553	208,967	586	143,032
Supplies	234,600	234,600	212,228	22,372	197,863
Property	55,000	55,000	36,608	18,392	46,058
Other Expenses	28,094	28,094	33,555	(5,461)	30,184
Total Instruction	<u>6,134,358</u>	<u>6,174,358</u>	<u>5,563,518</u>	<u>610,840</u>	<u>5,251,203</u>
Supporting Services:					
Pupils:					
Salaries	103,043	103,043	101,392	1,651	100,735
Benefits	-	-	31,356	(31,356)	35,707
Total Pupil Support	<u>103,043</u>	<u>103,043</u>	<u>132,748</u>	<u>(29,705)</u>	<u>136,442</u>
Staff Support:					
Salaries	53,750	53,750	53,750	-	49,448
Benefits	23,560	23,560	51,742	(28,182)	46,565
PS - Professional	5,000	5,000	2,425	2,575	3,688
PS - Other	20,000	20,000	28,144	(8,144)	18,870
Supplies	21,000	21,000	64,482	(43,482)	36,961
Total Staff Support	<u>123,310</u>	<u>123,310</u>	<u>200,543</u>	<u>(77,233)</u>	<u>155,532</u>
General Administration:					
Salaries	205,975	205,975	213,540	(7,565)	131,384
Benefits	-	-	43,273	(43,273)	26,970
PS - Professional	30,000	30,000	69,746	(39,746)	61,994
PS - Other	5,000	5,000	4,742	258	4,077
Supplies	500	500	186	314	910
Total General Administration	<u>241,475</u>	<u>241,475</u>	<u>331,487</u>	<u>(90,012)</u>	<u>225,335</u>

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	2017			VARIANCE WITH FINAL BUDGET POS (NEG)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Supporting Services (Continued):					
School Administration:					
Salaries	607,332	607,332	616,966	(9,634)	464,471
Benefits	-	-	179,836	(179,836)	120,925
PS - Professional	9,000	9,000	25,561	(16,561)	8,122
PS - Other	87,000	87,000	68,442	18,558	60,268
Supplies	6,000	6,000	5,462	538	16,203
Total School Administration	<u>709,332</u>	<u>709,332</u>	<u>896,267</u>	<u>(186,935)</u>	<u>669,989</u>
Business Administration:					
Salaries	133,400	133,400	143,661	(10,261)	122,757
Benefits	-	-	35,003	(35,003)	29,414
PS - Professional	30,000	30,000	46,783	(16,783)	37,869
PS - Other	30,000	30,000	28,777	1,223	25,096
Supplies	1,500	1,500	3,145	(1,645)	1,990
Total Business Administration	<u>194,900</u>	<u>194,900</u>	<u>257,369</u>	<u>(62,469)</u>	<u>217,126</u>
Operations and Maintenance					
Salaries	260,996	260,996	270,231	(9,235)	247,247
Benefits	-	-	83,504	(83,504)	65,064
PS - Property	1,414,602	1,414,602	237,259	1,177,343	423,598
Supplies	215,000	215,000	167,512	47,488	166,173
Property	125,000	227,500	140,696	86,804	85,917
Total Operations and Maintenance	<u>2,015,598</u>	<u>2,118,098</u>	<u>899,202</u>	<u>1,218,896</u>	<u>987,999</u>
Transportation					
PS - Property	2,000	2,000	-	2,000	3,112
Property	2,000	2,000	500	1,500	1,689
Total Transportation	<u>4,000</u>	<u>4,000</u>	<u>500</u>	<u>3,500</u>	<u>4,801</u>
Other Central Support					
Salaries	110,839	110,839	115,976	(5,137)	99,615
Benefits	51,452	51,452	88,336	(36,884)	64,839
PS - Professional	10,000	10,000	4,429	5,571	8,851
PS - Property	1,000	1,000	981	19	1,388
PS - Other	80,311	80,311	84,915	(4,604)	79,146
Supplies	55,000	55,000	38,395	16,605	46,112
Property	-	-	3,437	(3,437)	6,259
Total Other Central Support	<u>308,602</u>	<u>308,602</u>	<u>336,469</u>	<u>(27,867)</u>	<u>306,210</u>
Total Supporting Services	<u>3,700,260</u>	<u>3,802,760</u>	<u>3,054,585</u>	<u>748,175</u>	<u>2,703,434</u>
Community Support					
Food Service					
PS - Other	7,000	7,000	6,112	888	5,658
Debt Service - Lease Payments (Foundation)	-	-	1,108,519	(1,108,519)	1,193,905
TOTAL EXPENDITURES	<u>9,841,618</u>	<u>9,984,118</u>	<u>9,732,734</u>	<u>251,384</u>	<u>9,154,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	109,953	109,953	284,686	174,733	370,324
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>200,000</u>	<u>200,000</u>	<u>274,680</u>	<u>74,680</u>	<u>252,724</u>
CHANGE IN FUND BALANCE	309,953	309,953	559,366	249,413	623,048
FUND BALANCE, Beginning	<u>(309,953)</u>	<u>(309,953)</u>	<u>2,451,507</u>	<u>2,761,460</u>	<u>1,828,459</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,010,873</u>	<u>\$ 3,010,873</u>	<u>\$ 2,451,507</u>

See the accompanying Independent Auditors' Report.

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Other Supplementary Information

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES -
BUDGET AND ACTUAL
SPORTS FUND
YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Year Ended June 30, 2016

	2017			2016 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POS (NEG)	
REVENUES				
Local Sources:				
Student Activity Fees	\$ 101,000	\$ 83,268	\$ (17,732)	\$ 79,887
Dues and Fees	5,000	18,088	13,088	13,109
Gate Revenue	20,000	23,529	3,529	18,777
TOTAL REVENUES	126,000	124,885	(1,115)	111,773
EXPENDITURES				
Instruction:				
Salaries	65,000	61,401	3,599	55,350
Benefits	13,130	13,912	(782)	11,275
PS - Professional	20,000	14,260	5,740	15,139
PS - Other	20,000	28,149	(8,149)	21,956
Supplies	53,350	37,227	16,123	44,364
Other Expenses	4,520	4,223	297	3,484
TOTAL EXPENDITURES	176,000	159,172	16,828	151,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(34,287)	15,713	(39,795)
OTHER FINANCING SOURCES				
Transfers In (Out)	50,000	34,287	(15,713)	39,795
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

FOUNDATION FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN NET POSITION
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2017
 With Comparative Totals for the Year Ended June 30, 2016

	2017			2016 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
RECEIPTS				
Interest Income	\$ -	\$ 2,425	\$ 2,425	\$ 478
Rent Revenue	1,500,000	1,108,519	(391,481)	1,193,905
Contributed Capital	-	-	-	224,393
TOTAL RECEIPTS	<u>1,500,000</u>	<u>1,110,944</u>	<u>(389,056)</u>	<u>1,418,776</u>
DISBURSEMENTS				
PS - Professional	-	17,782	(17,782)	423,053
PS - Property	-	321,620	(321,620)	-
Interest Expense	<u>1,500,000</u>	<u>981,052</u>	<u>518,948</u>	<u>570,207</u>
TOTAL EXPENDITURES	<u>1,500,000</u>	<u>1,320,454</u>	<u>179,546</u>	<u>993,260</u>
RECEIPTS OVER DISBURSEMENTS				
BUDGETARY (GAAP) BASIS	<u>\$ -</u>	(209,510)	<u>\$ (209,510)</u>	425,516
ADJUSTMENTS FROM BUDGET TO GAAP BASIS OF ACCOUNTING:				
Depreciation Expense		<u>(612,110)</u>		<u>(609,193)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS - GAAP BASIS		(821,620)		(183,677)
NET POSITION, Beginning		<u>(901,428)</u>		<u>(717,751)</u>
NET POSITION, Ending		<u>\$ (1,723,048)</u>		<u>\$ (901,428)</u>

See the accompanying Independent Auditors' Report.

THE VANGUARD SCHOOL AT CHEYENNE MOUNTAIN CHARTER ACADEMY

STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2017
 With Comparative Totals for the Year Ended June 30, 2016

	2017			2016
	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	ACTUAL
Receipts	\$ -	\$ 62,448	\$ 62,448	\$ 120,681
Disbursements	<u>85,000</u>	<u>59,143</u>	<u>25,857</u>	<u>95,139</u>
Net Receipts (Disbursements)	<u>\$ (85,000)</u>	3,305	<u>\$ 88,305</u>	25,542
NET POSITION, Beginning		<u>56,776</u>		<u>31,234</u>
NET POSITION, Ending		<u>\$ 60,081</u>		<u>\$ 56,776</u>

See the accompanying Independent Auditors' Report.