BEN FRANKLIN ACADEMY

FINANCIAL STATEMENTS

June 30, 2017

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BEN FRANKLIN ACADEMY

ROSTER OF OFFICIALS

June 30, 2017

BOARD OF DIRECTORS

Bill Castor, President

Ann Citrin, Vice President

Kent Barwind, Treasurer

Bryan Molen, Secretary

Steve Haas

Burgandy Hodge

Matt Keillor

ADMINISTRATION

Diana Simpson, Principal

Halsley Hoff, Business Manager

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S&C Swanhorst & Company LLC
Certified Public Accountants

Board of Directors
Ben Franklin Academy
Highlands Ranch, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Ben Franklin Academy, component unit of Douglas County School District, 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 Ben Franklin Academy, as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Ben Franklin Academy as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

8400 E. Crescent Parkway • Suite 600 • Greenwood Village, CO 80111 • (720) 528-4306 Fax: (720) 528-4307

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

October 30, 2017

As management of Ben Franklin Academy (BFA), we offer readers of BFA's basic financial statements this narrative and analysis of the financial activities for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2017 was the sixth year of operations for BFA. The general-fund fund balance for the fiscal year ended June 30, 2017 is $3,781,446.

The primary source of revenue was through funding from the Colorado State School Finance Act. Tax revenue from this source (Per Pupil Revenue) was $5,965,429. BFA received additional non-tax-related income in the form of tuition-based revenues from preschool, $243,716, and full-day kindergarten, $204,542, as well as other child care related programs of $151,576.

OVERVIEW OF FINANCIAL STATEMENTS

This financial summary is intended to provide an introduction to BFA'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 BFA's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of BFA's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 BFA is improving or deteriorating.

The statement of activities presents information showing how BFA's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 year-end).

The government-wide statement of activities distinguishes functions/programs of BFA that are primarily supported by the per pupil revenue passed from Douglas County School District. These activities include instruction and supporting services expense.

FUND FINANCIAL STATEMENTS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. A fund is a grouping of related accounts that are used to maintain control over resources set aside for specific objectives. BFA keeps track of said monies in its General Fund to demonstrate compliance with financial and legal requirements. Both the balance sheet and the statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities. The General Fund utilizes a modified accrual method for reporting both revenues and expenses and complies with the Colorado state statute relating to governmental fund accounting.

GOVERNMENTAL FUNDS

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

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

BFA adopts an annual appropriated budget for our General Fund. A budgetary comparison has been provided for this fund to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

PROPRIETARY FUND

The Ben Franklin Academy Building Corporation is considered a component of BFA and is reported as a proprietary fund. The proprietary fund shows income and expense and balance sheet information as it relates to the assets purchased with tax-exempt financing, and related debt.

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

For the year ended June 30, 2017, governmental activities net position (negative) totaled ($8,845,897).

Table I: Net Position

	2016-2017 Governmental Activities	2015-2016 Governmental Activities	2016-2017 Business-Type Activities	2015-2016 Business-Type Activities
ASSETS				
Cash and Investments	4,470,964	3,939,085	-	-
Accounts Receivable	18,157	-	-	-
Restricted Cash and Investments	-	-	1,943,608	6,224,456
Capital Assets, Net	34,860	41,232	18,187,795	14,054,827
TOTAL ASSETS	4,523,981	3,980,317	20,131,403	20,279,283
DEFERRED OUTFLOWS OF RESOURCES – Pensions	8,840,630	1,910,703	-	-
LIABILITIES				
Accounts Payable	23,084	2,770	-	264,588
Accrued Liabilities	68,443	55,744	-	-
Accrued Salaries and Benefits	595,027	497,476	-	-
Unearned Revenues	21,121	11,784	-	-
Accrued Interest Payable	-	-	415,650	196,279
Noncurrent Liabilities				
Due within One Year	-	-	320,000	-
Due in more than One Year	-	-	19,838,234	20,193,348
Net Pension Liability	21,409,962	10,559,285	-	-
TOTAL LIABILITIES	22,117,637	11,127,059	20,573,884	20,654,215
DEFERRED INFLOWS OF RESOURCES- Pensions	92,871	149,642	-	-
NET POSITION				
Net Investment in Capital Assets	34,860	41,232	(1,929,211)	(1,529,341)
Restricted for Debt Service	-	-	1,486,730	1,154,409
Restricted for Emergencies	245,000	230,000	-	-
Unrestricted	(9,125,757)	(5,656,913)	-	-
TOTAL NET POSITION	(8,845,897)	(5,385,681)	(442,481)	(374,932)

Table II: Change In Net Position

	2016-2017 Governmental Activities	2015-2016 Governmental Activities	2016-2017 Business-Type Activities	2015-2016 Business-Type Activities
REVENUES				
General Revenues				
Per Pupil Revenue	5,965,429	5,960,010	-	-
District Mill Levy	458,581	468,001	-	-
Capital Construction Funding	233,176	220,209	-	-
Contributions	43,019	69,021	-	-
Investment Earnings	3,882	1,859	15,635	5,473
Other	1,771	2,916	-	-
Program Revenues				
Charges for Services: Instruction	795,990	769,995		
Charges for Services: Support	151,810	146,232		
Operating Grants: Instruction	29,488	14,211		
Total Revenue	7,683,146	7,652,454	15,635	5,473
EXPENSES				
Instruction	6,496,262	3,893,589	-	-
Support	3,495,800	3,511,769	-	-
Building Corporation	-	-	1,234,484	576,684
Total Expenses	9,992,062	7,405,358	(1,234,484)	(576,684)
TRANSFERS	(1,151,300)	(196,279)	1,151,300	196,279
Change in Net Position	(3,460,216)	50,817	(67,549)	(374,932)
Net Position, Beginning	(5,385,681)	(5,436,498)	(374,932)	-
Net Position, Ending	(8,845,897)	(5,385,681)	(442,481)	(374,932)

BFA has adopted GASB 68

BFA's Net Position is a negative ($8,845,897). The negative balance is due to the adoption of GASB Statement No. 68, resulting in a net pension liability of $21,409,962.

FUND FINANCIAL ANALYSIS

General Fund

Income

Total Revenues for the period ended June 30, 2017 were $7,683,146. The main source of income during this time period was from the State of Colorado through the charter authorized by Douglas County School District. Per Pupil Revenue was reported $5,965,429; equivalent to $7,083.04 per funded student. In addition, BFA received funding through the Douglas County School District as a component of local revenue (Mills) in the amount of $458,581. Revenues were slightly increased for additional Capital Construction funding received.

Expenditures

BFA budgeted for General Fund total expenditures (exclusive of appropriated reserves) of $7,330,055 for the period of July 1, 2016 to June 30, 2017. Actual total expenditures were $7,273,011. Increased expenses were recognized in comparison with the prior year due to increased student population leading to additional/realignment of staff members' salary and benefits as well as additional purchased services.

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS: GENERAL FUND

The original budget was adopted during the Spring of 2016 for the 2016-2017 school year. At the time the budget had been adopted, actual student count and per pupil distribution rates had not yet been finalized. The budget is then revised in November after the official student enrollment count has been finalized.

CAPITAL ASSETS AND LONG-TERM DEBT

BFA holds assets with a net book value of $34,860 which includes playground equipment, weather station and an overflow parking lot.

In April, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 in Charter School Revenue Bonds to the Ben Franklin Academy Building Corporation. Bond proceeds were loaned to the Building Corporation to finance the acquisition and construction of educational facilities. BFA uses the building owned by the Building Corporation. The debt accrues interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1 each year through 2047.

Additional information on capital assets and long-term debt is available in Notes 4 and 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for BFA is the future of the Colorado state budget and related Funded Pupil Count. These drivers are regularly monitored and discussed amongst the Board and Management and associated budgetary impact. Student growth and facility financing were all considered during the strategic planning process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of BFA's financial position. Questions concerning the information contained in this report should be directed to:

Ben Franklin Academy
2270 Plaza Drive
Highlands Ranch, CO 80129

BASIC FINANCIAL STATEMENTS

BEN FRANKLIN ACADEMY

STATEMENT OF NET POSITION
June 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 4,470,964	-	$ 4,470,964
Restricted Cash and Investments	-	1,943,608	1,943,608
Accounts Receivable	18,157	-	18,157
Capital Assets, Net of Accumulated Depreciation	34,860	18,187,795	18,222,655
TOTAL ASSETS	4,523,981	20,131,403	24,655,384
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization	8,840,630	-	8,840,630
LIABILITIES			
Accounts Payable	23,084	-	23,084
Accrued Liabilities	68,443	-	68,443
Accrued Salaries and Benefits	595,027	-	595,027
Unearned Revenues	21,121	-	21,121
Accrued Interest Payable	-	415,650	415,650
Noncurrent Liabilities			
Due Within One Year	-	320,000	320,000
Due in More Than One Year	-	19,838,234	19,838,234
Net Pension Liability	21,409,962	-	21,409,962
TOTAL LIABILITIES	22,117,637	20,573,884	42,691,521
DEFERRED INFLOWS OF RESOURCES			
Pensions, Net of Accumulated Amortization	92,871	-	92,871
NET POSITION			
Net Investment in Capital Assets	34,860	(1,929,211)	(1,894,351)
Restricted for Debt Service	-	1,486,730	1,486,730
Restricted for Emergencies	245,000	-	245,000
Unrestricted	(9,125,757)	-	(9,125,757)
TOTAL NET POSITION	$ (8,845,897)	$ (442,481)	$ (9,288,378)

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

BEN FRANKLIN ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

		PROGRAM REVENUES	
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	$ 6,496,262	$ 795,990	$ 29,488
Supporting Services	3,495,800	151,810	-
Total Governmental Activities	9,992,062	947,800	29,488
Business-Type Activities			
Building Corporation	1,234,484	-	-
TOTAL PRIMARY GOVERNMENT	$ 11,226,546	$ 947,800	$ 29,488

GENERAL REVENUES
Per Pupil Revenue
District Mill Levy
Capital Construction
Grants and Contributions not Restricted to Specific Programs
Investment Income
Other
TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (5,670,784)	$ -	$ (5,670,784)
(3,343,990)	-	(3,343,990)
(9,014,774)	-	(9,014,774)
-	(1,234,484)	(1,234,484)
(9,014,774)	(1,234,484)	(10,249,258)
5,965,429	-	5,965,429
458,581	-	458,581
233,176	-	233,176
43,019	-	43,019
3,882	15,635	19,517
1,771	-	1,771
(1,151,300)	1,151,300	-
5,554,558	1,166,935	6,721,493
(3,460,216)	(67,549)	(3,527,765)
(5,385,681)	(374,932)	(5,760,613)
$ (8,845,897)	$ (442,481)	$ (9,288,378)

BEN FRANKLIN ACADEMY

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2017

	GENERAL
ASSETS	
Cash and Investments	$ 4,470,964
Accounts Receivable	18,157
TOTAL ASSETS	$ 4,489,121
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 23,084
Accrued Liabilities	68,443
Accrued Salaries and Benefits	595,027
Unearned Revenues	21,121
TOTAL LIABILITIES	707,675
FUND BALANCE	
Restricted for Emergencies	245,000
Unrestricted, Unassigned	3,536,446
TOTAL FUND BALANCE	3,781,446
TOTAL LIABILITIES AND FUND BALANCE	$ 4,489,121

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

Total Fund Balance of the Governmental Fund	$ 3,781,446
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	34,860
Long-term liabilities and related items, including net pension liability ($21,409,962), pension-related deferred outflows of resources $8,840,630, and pension-related deferred inflows of resources ($92,871), are not due and payable in the current year and, therefore, are not reported in governmental funds.	(12,662,203)
Total Net Position of Governmental Activities	$ (8,845,897)

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

BEN FRANKLIN ACADEMY

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

Year Ended June 30, 2017

	GENERAL
REVENUES	
Local Sources	$ 7,420,482
State Sources	262,664
TOTAL REVENUES	7,683,146
EXPENDITURES	
Instruction	3,721,358
Supporting Services	3,551,653
TOTAL EXPENDITURES	7,273,011
NET CHANGE IN FUND BALANCE	410,135
FUND BALANCE, Beginning	3,371,311
FUND BALANCE, Ending	$ 3,781,446

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

Net Change in Fund Balance of the Governmental Fund	$ 410,135
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount represents depreciation expense in the current year.	(6,372)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in net pension liability ($10,850,677), pension-related deferred outflows of resources $6,929,927, and pension-related deferred inflows of resources $56,771 in the current year.	(3,863,979)
Change in Net Position of Governmental Activities	$ (3,460,216)

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

BEN FRANKLIN ACADEMY

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017

	BUILDING CORPORATION
ASSETS	
CURRENT ASSETS	
Restricted Cash and Investments	$ 1,943,608
NONCURRENT ASSETS	
Capital Assets, Net of Accumulated Depreciation	18,187,795
TOTAL ASSETS	20,131,403
LIABILITIES	
CURRENT LIABILITIES	
Accrued Interest Payable	415,650
Loan Payable, Current Portion	320,000
TOTAL CURRENT LIABILITIES	735,650
NONCURRENT LIABILITIES	
Loan Payable	19,838,234
TOTAL LIABILITIES	20,573,884
NET POSITION	
Net Investment in Capital Assets	(1,929,211)
Restricted for Debt Service	1,486,730
TOTAL NET POSITION	$ (442,481)

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

BEN FRANKLIN ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2017

	BUILDING CORPORATION
OPERATING REVENUES	
Rental Income	$ 1,151,300
OPERATING EXPENSES	
Depreciation	540,299
Debt Service	
Interest and Fees	694,185
TOTAL OPERATING EXPENSES	1,234,484
NET OPERATING INCOME (LOSS)	(83,184)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	15,635
CHANGE IN NET POSITION	(67,549)
NET POSITION, Beginning	(374,932)
NET POSITION, Ending	$ (442,481)

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

BEN FRANKLIN ACADEMY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Increase (Decrease) in Cash and Cash Equivalents
Year Ended June 30, 2017

	BUILDING CORPORATION
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease Payments Received	$ 1,151,300
Loan Interest and Fees Paid	(509,928)
Net Cash Provided by Operating Activities	641,372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(4,850,633)
Interest Paid and Capitalized	(102,000)
Interest Earned and Capitalized	14,778
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,937,855)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income Received	15,635
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,280,848)
CASH AND CASH EQUIVALENTS, Beginning	6,224,456
CASH AND CASH EQUIVALENTS, Ending	$ 1,943,608
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	$ (83,184)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation Expense	540,299
Amortization of Premium	(35,114)
Changes in Assets and Liabililites	
Accrued Interest Payable	219,371
Net Cash Provided by Operating Activities	$ 641,372

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ben Franklin Academy (BFA) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Douglas County School District (the "District"). BFA began operations in the Fall of 2011.

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

Reporting Entity

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

BFA includes the Ben Franklin Academy Building Corporation (the "Corporation") within its reporting entity. The Corporation was organized in January, 2016, primarily to finance the acquisition and construction of educational facilities, and currently leases facilities only to BFA. The Corporation is blended into BFA's financial statements as an enterprise fund, and does not issue separate financial statements.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of BFA. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. 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 statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by BFA. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

BFA reports the following major governmental fund:

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

BFA reports one major proprietary fund, as follows:

Building Corporation **-** This fund is used to account for the financial activities of the Corporation, including facilities acquisition and construction, and the related debt service.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments **-** For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital Assets - Capital assets, which include buildings, land improvements, and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

Buildings and Improvements	30 years
Land Improvements	30 years
Equipment	5 years

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, are reported as a liability of the General Fund.

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

Compensated Absences - Employees of BFA are allowed to accumulate unused personal time off. Upon termination of employment from BFA, an employee will be compensated for all accrued personal time off at the rate of $40 per day. A liability for compensated absences is not reported in the financial statements because the amount is insignificant.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as current expenses or expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Risk Management

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At June 30, 2017, the Corporation had a negative net position of $442,481. Management expects this negative balance to be eliminated as the Corporation's debt is paid.

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2017, consisted of the following.

Deposits	$ 4,088,089
Investments	2,326,483
Total	**$ 6,414,572**

NOTE 3: CASH AND INVESTMENTS (Continued)

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$ 4,470,964
Restricted Cash and Investments	1,943.608
Total	**$ 6,414,572**

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2017, BFA had bank deposits of $3,907,452 collateralized with securities held by the financial institution's agent but not in BFA's name.

Investments

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

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

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

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

Concentration of Credit Risk - State statutes do no limit the amount BFA may invest in any single issuer of investment securities, except for corporate securities.

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At June 30, 2017, BFA and the Corporation had $2,326,483 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, is summarized below.

	Balances 6/30/16	Additions	Deletions	Balances 6/30/17
Governmental Activities				
Capital Assets, Being Depreciated				
Land Improvements	$ 35,800	$ -	$ -	$ 35,800
Equipment	55,730	-	-	55,730
Total Capital Assets, Being Depreciated	91,530	-	-	91,530
Less Accumulated Depreciation				
Land Improvements	(1,193)	(1,193)	-	(2,386)
Equipment	(49,105)	(5,179)	-	(54,284)
Total Accumulated Depreciation	(50,298)	(6,372)	-	(56,670)
Total Capital Assets, Being Depreciated, Net	41,232	(6,372)	-	34,860
Total Governmental Activities Capital Assets, Net	**$ 41,232**	**$ (6,372)**	**$ -**	**$ 34,860**
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	$ 415,428	$ 4,673,267	$ 5,088,695	$ -
Capital Assets, Being Depreciated				
Buildings	13,754,014	5,088,695	-	18,842,709
Accumulated Depreciation	(114,615)	(540,299)	-	(654,914)
Total Capital Assets, Being Depreciated, Net	13,639,399	4,548,396	-	18,187,795
Total Business-Type Activities Capital Assets, Net	**$ 14,054,827**	**$ 9,221,663**	**$ 5,088,695**	**$ 18,187,795**

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

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2017.

	Balances 6/30/16	Additions	Payments	Balances 6/30/17	Due Within One Year
Business-type Activities					
2016 Building Loan	$ 19,140,000	$ -	$ -	$ 19,140,000	$ 320,000
Premium	1,053,348	-	35,114	1,018,234	-
Total	**$ 20,193,348**	**$ -**	**$ 35,114**	**$ 20,158,234**	**$ 320,000**

In April, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $19,140,000 Charter School Revenue Bonds, Series 2016. Bond proceeds were loaned to the Corporation to finance the purchase and construction of educational facilities. BFA is obligated under a lease agreement to make monthly lease payments to the Corporation for using the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1. Principal payments are due annually on July 1, beginning in 2017, through 2046.

Future debt service requirements for the bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ 320,000	$ 826,500	$ 1,146,500
2019	330,000	815,100	1,145,100
2020	340,000	801,700	1,141,700
2021	355,000	787,800	1,142,800
2022	370,000	773,300	1,143,300
2023 - 2027	2,090,000	3,618,700	5,708,700
2028 - 2032	2,635,000	3,050,875	5,685,875
2033 - 2037	3,365,000	2,303,875	5,668,875
2038 - 2042	4,210,000	1,459,400	5,669,400
2043 - 2047	5,125,000	528,500	5,653,500
Total	**$ 19,140,000**	**$ 14,965,750**	**$ 34,105,750**

NOTE 6: DEFINED BENEFIT PENSION PLAN

General Information

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

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information (Continued)

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

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

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

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

Contributions - BFA and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. BFA's contribution rate for calendar years 2016 and 2017 was 19.15% and 19.65% of covered salaries, respectively. However, a portion of BFA's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). BFA's contributions to the SDFT for the year ended June 30, 2017, were $646,701, equal to the required contributions.

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

At June 30, 2017, BFA reported a net pension liability of $21,409,962, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

BFA's proportion of the net pension liability was based on BFA's contributions to the SDTF for the calendar year ended December 31, 2016, relative to the contributions of all participating employers. At December 31, 2016, BFA's proportion was 0.0719085687%, which was an increase of 0.0028678869% from its proportion measured at December 31, 2015.

For the year ended June 30, 2017, BFA recognized pension expense of $4,445,514. At June 30, 2017, BFA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 264,059	$ 173
Changes of assumptions and other inputs	6,947,086	92,698
Net difference between projected and actual earnings on plan investments	683,702	-
Changes in proportion	590,201	-
Contributions subsequent to the measurement date	355,582	-
Total	**$ 8,840,630**	**$ 92,871**

BFA contributions subsequent to the measurement date of $355,582 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2018	$ 3,454,352
2019	3,324,342
2020	1,606,341
2021	7,142
Total	**$ 8,392,177**

Actuarial Assumptions - The actuarial valuation as of December 31, 2015, determined the total pension liability using the following actuarial assumptions and other inputs. On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions, which were effective on December 31, 2016, and which were reflected in the roll-forward calculation of the total pension liability from December 31, 2015, to December 31, 2016, as follows:

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	Assumptions	Revised Assumptions
Price inflation	2.8%	2.4%
Real wage growth	1.1%	1.1%
Wage inflation	3.9%	3.5%
Salary increases, including wage inflation	3.9% - 10.1%	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.5%	7.25%
Discount rate	7.5%	5.26%
Future post-retirement benefit increases:		
Hired prior to 1/1/07	2%	2%
Hired after 12/31/06	ad hoc	ad hoc

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back one year, and females set back two years. Active member mortality was adjusted to 55 percent of the base rate for males and 40 percent for females. For disabled retirees, the RP-2000 Disabled Retiree Mortality Table was used, set back two 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 governing board on November 13, 2012, and an economic assumption study adopted by PERA's governing board on November 15, 2013, and January 17, 2014.

As a result of a 2016 experience analysis, revised economic and demographic actuarial assumptions were adopted by PERA's governing board on November 18, 2016, to more closely reflect PERA's actual experience. The revised assumptions reflected in the roll-forward of the total pension liability included healthy mortality assumptions for active members using the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 5.26%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2016, the municipal bond index rate was 3.86%, resulting in a discount rate of 5.26%. The discount rate at the prior measurement date was 7.5%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents BFA's proportionate share of the net pension liability calculated using the discount rate of 5.26%, as well as the BFA's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (4.26%) or one percentage point higher (6.26%) than the current rate, as follows:

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	**$ 26,922,339**	**$ 21,409,962**	**$ 16,920,330**

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

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - BFA contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Funding Policy - BFA is required to contribute at a rate of 1.02% of covered salaries for all PERA participants. No employee contributions are required. The contribution requirements for BFA are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. BFA's apportionment to the HCTF for the years ended June 30, 2017, 2016 and 2015 was $33,999, $31,747 and $29,227, respectively, equal to the required amounts for each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

BFA participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, BFA may be required to reimburse the other government. At June 30, 2017, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of BFA.

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but management believes it is in substantial compliance with the Amendment. In accordance with the Amendment, BFA has established a reserve for emergencies representing 3% of qualifying expenditures. At June 30, 2017, the reserve was reported as restricted fund balance in the General Fund, in the amount of $245,000.

Ground Lease

In April, 2016, the Corporation assumed the rights, title and interest in a ground lease agreement payable to the Englewood/McLellan Reservoir Foundation, allowing the Corporation to use the land upon which BFA's educational facilities reside. Monthly payments of $15,570 are required under the agreement through August 31, 2017, with annual increases effective every September 1, through 2020, at which time the payments will be adjusted with the Consumer Price Index, with minimum increases of 1% and maximum of 3%, through maturity on August 31, 2036. In addition, the agreement allows for five optional extensions of 10 years each.

Future minimum lease payments through the initial term, assuming increases of 1% after September 1, 2020, are as follows.

Year Ended June 30,	
2018	$ 199,830
2019	213,666
2020	226,080
2021	229,997
2022	232,297
2023 - 2027	1,196,796
2028 - 2032	1,257,845
2033 - 2037	1,096,895
Total	**$ 4,653,406**

REQUIRED SUPPLEMENTARY INFORMATION

BEN FRANKLIN ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2017

	12/31/16	12/31/15	12/31/14	12/31/13
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
BFA's Proportion of the Net Pension Liability	0.0719085687%	0.0690406818%	0.0659675699%	0.0622245074%
BFA's Proportionate Share of the Net Pension Liability	$ 21,409,962	$ 10,559,285	$ 8,940,822	$ 7,936,719
BFA's Covered Payroll	$ 3,227,385	$ 3,008,777	$ 2,763,570	$ 2,508,468
BFA's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43%	59%	63%	64%

	6/30/17	6/30/16	6/30/15	6/30/14
BFA CONTRIBUTIONS				
Statutorily Required Contribution	$ 612,702	$ 551,944	$ 483,892	$ 428,474
Contributions in Relation to the Statutorily Required Contribution	(612,702)	(551,944)	(483,892)	(428,474)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
BFA's Covered Payroll	$ 3,333,281	$ 3,112,456	$ 2,865,433	$ 2,679,924
Contributions as a Percentage of Covered Payroll	18.38%	17.73%	16.89%	15.99%

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

See the accompanying Independent Auditors' Report.

BEN FRANKLIN ACADEMY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 6,044,510	$ 5,987,550	$ 5,965,429	$ (22,121)
District Mill Levy	468,975	464,535	458,581	(5,954)
Tuition and Fees	850,095	838,764	947,566	108,802
Facility Rental	15,000	15,000	234	(14,766)
Contributions	5,000	5,000	43,019	38,019
Investment Income	1,500	1,500	3,882	2,382
Other	500	500	1,771	1,271
Total Local Sources	7,385,580	7,312,849	7,420,482	107,633
State Sources				
Capital Construction	218,416	216,348	233,176	16,828
Grants	9,059	29,488	29,488	-
Total State Sources	227,475	245,836	262,664	16,828
TOTAL REVENUES	7,613,055	7,558,685	7,683,146	124,461
EXPENDITURES				
Salaries	3,631,117	3,553,938	3,524,539	29,399
Employee Benefits	963,282	957,176	957,417	(241)
Purchased Services	2,246,089	2,218,557	2,256,387	(37,830)
Supplies and Materials	393,707	393,042	340,289	52,753
Property	145,500	153,500	165,663	(12,163)
Other	53,842	53,842	28,716	25,126
Contingency	2,993,665	2,993,665	-	2,993,665
TOTAL EXPENDITURES	10,427,202	10,323,720	7,273,011	3,050,709
NET CHANGE IN FUND BALANCE	(2,814,147)	(2,765,035)	410,135	3,175,170
FUND BALANCE, Beginning	2,993,665	2,993,665	3,371,311	377,646
FUND BALANCE, Ending	$ 179,518	$ 228,630	$ 3,781,446	$ 3,552,816

See the accompanying Independent Auditors' Report.

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2017, the total pension liability was determined by an actuarial valuation as of December 31, 2015. In addition, the following revised economic and demographic assumptions were effective as of December 31, 2016, and were reflected in the roll-forward procedures to determine the total pension liability at December 31, 2016.

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State statutes for all funds and are adopted on a basis consistent with generally accepted accounting principles.

BFA adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

- Prior to June 30, the budget is adopted by the Board of Directors.

- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

- All budget appropriations lapse at fiscal year end.