PASSAGE CHARTER SCHOOL

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

DONALD R. MORELAND & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Passage Charter School
Montrose, Colorado 81401

We have audited the accompanying financial statements of the Passage Charter School, a component unit of the Montrose County School District RE-1J, as of and for the year ended June 30, 2017, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Board of Directors
Passage Charter School
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Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Passage Charter School, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-matter

As disclosed in Note 1 to the financial statements, the School discontinued operations effective June 30, 2017. Assets and liabilities have been or will be transferred to Montrose County School District RE-1J of which the School is a component unit. Our opinion is not modified with respect to this matter.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and pages 30 through 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.

Donald R. Moreland & Associates, P.C.

Montrose, Colorado
November 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Passage Charter School (the "School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017.

Financial highlights:

* Effective June 30, 2017, the School discontinued operations. Assets and liabilities have been or will be transferred to Montrose County School District RE-1J of which the School is a component unit.
* The liabilities and deferred inflows of the School equaled its assets and deferred outflows of resources at the close of its most recent and final fiscal year (net position).
* As of the close of the current fiscal year, the School's governmental fund reported an ending fund balance of $-0- a decrease of $79,413 from the prior year.
* The overall increase in revenue during the year was primarily due to increased state grants. Expenses increased from the prior year mainly due to increased personnel costs for instruction, child care and administration.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 29 of the report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the School's budgetary comparisons for the general fund and schedules of activity for pension reporting. Required supplementary information can be found on pages 30 through 32 of this report.

Government-wide Financial Analysis

The overriding factor in the financial analysis of the School is its closure as of June 30, 2017 and the transfer of assets and liabilities to Montrose County School District RE-1J.

As noted earlier, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, liabilities and deferred inflows equaled assets and deferred outflows at the close of the most recent fiscal year. At the end of the prior year liabilities and deferred inflows exceeded assets and deferred outflows by $138,187 after the restatement of net position due to the implementation of GASB No. 68, Accounting and Financial Reporting for Pensions.

A large portion of the School's net position at the end of its prior year was its investment in capital assets (e.g., buildings and equipment). The School used these capital assets to provide educational and childcare services; consequently, these assets were not available for future spending. At the close of its current and final year the capital assets were transferred to Montrose County School District RE-1J.

PASSAGE CHARTER SCHOOL NET POSITION

	CURRENT YEAR	PRIOR YEAR
Current and other assets	$114,208	111,642
Capital assets		94,866
Total assets	114,208	206,508
Deferred outflows of resources		46,340
Accounts payable and other liabilities	114,208	388,888
Total liabilities	114,208	388,888
Deferred inflows of resources		2,147
Net position:		
Net investment in capital assets		94,866
Restricted		8,550
Unrestricted (deficit)		(241,603)
Total net position (deficit)	$	(138,187)

PASSAGE CHARTER SCHOOL CHANGES IN NET POSITION

Revenues:		
Program revenues		
Charges for services	$ 57,147	59,105
Operating grants and contributions	168,005	98,480
Capital grants and contributions	3,955	3,877
General revenues		
State equalization	135,831	115,157
Other	87	80
Total revenues	365,025	276,699
Expenses:		
Instruction	173,353	109,438
Childcare	120,767	110,320
Administration	84,637	49,562
Facilities	29,586	32,691
Food services	5,122	4,443
Total expenses	413,465	306,455
Change in net position	(48,440)	(29,756)
Net position (deficit), beginning	(138,187)	(108,431)
Transfer to Montrose County School District RE-1J	186,627	
Net position, ending	$	(138,187)

At the end of the current fiscal year, the School did not report a balance in net position due to its closure and the transfer of asset and liabilities to Montrose County School District RE-1J. For the prior fiscal year, the School reported a deficit balance in net position due to the implementation of GASB No. 68, Accounting and Financial Reporting for Pensions.

General Fund Budgetary Highlights

The original and final budgets for the school were $349,976 and $403,548, respectively. The final budget was an increase of $120,131 over the previous fiscal year. The actual expenditures were $397,072.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental activities as of June 30, 2017, amounts to $-0- (net of accumulated depreciation) since the School transferred the capital assets to Montrose County School District RE-1J upon its closure.

Passage Charter School Capital Assets
(net of depreciation)

		GOVERNMENTAL ACTIVITIES	
		CURRENT YEAR	PRIOR YEAR
Building and improvements		$	91,189
Equipment			3,677
	TOTAL	$	94,866

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

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

Economic Factors

Due to various factors, the Board of Directors voted to close the School effective June 30, 2017.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Dr. Louis Winkler, 16951 6200 Road, Montrose, Colorado, 81403.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PASSAGE CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2017

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and cash equivalents		$ 114,208
	TOTAL ASSETS	114,208
LIABILITIES		
Accounts payable		22,694
Accounts payable, related party		81,348
Accrued salaries and benefits		10,166
	TOTAL LIABILITIES	114,208
NET POSITION (DEFICIT)		
Unrestricted		
	TOTAL NET POSITION (DEFICIT)	$ -

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBTUIONS	NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES					
Instruction	$ 173,353		145,809		(27,544)
Childcare	120,767	57,147	18,000		(45,620)
Administration	84,637				(84,637)
Facilities	29,586			3,955	(25,631)
Food services	5,122		4,196		(926)
TOTAL GOVERNMENTAL ACTIVITIES	$ 413,465	57,147	168,005	3,955	(184,358)
GENERAL REVENUES					
State equalization					$ 135,831
Miscellaneous					87
TOTAL GENERAL REVENUES					135,918
Change in net position					(48,440)
Net position (deficit), Beginning of year					(138,187)
Transfer to Montrose County School District RE-1J					186,627
Net position (deficit), End of year					$ -

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

PASSAGE CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
June 30, 2017
(With comparative actual amounts for June 30, 2016)

	CURRENT YEAR	PRIOR YEAR
ASSETS		
Cash and cash equivalents	$ 114,208	110,412
Due from related party		1,230
TOTAL ASSETS	$ 114,208	111,642
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	$ 22,694	205
Accounts payable, related party	81,348	3,561
Accrued salaries and benefits	10,166	8,611
Advances from grantors		19,852
TOTAL LIABILITIES	114,208	32,229
FUND BALANCES		
Restricted		8,550
Assigned		17,851
Unassigned		53,012
TOTAL FUND EQUITY	-	79,413
TOTAL LIABILITIES AND FUND EQUITY	$ 114,208	111,642

See Notes to Financial Statements

PASSAGE CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUND - GENERAL FUND - BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2017

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	$ -
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$ -

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

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

For the year ended June 30, 2017

(With comparative actual amounts for the year ended June 30, 2016)

		CURRENT YEAR	PRIOR YEAR
REVENUES			
Local sources:			
Childcare fees	$	57,147	59,105
Contributions		73,575	80,607
Miscellaneous		87	80
		130,809	139,792
State sources:			
Equalization		135,831	115,157
Student re-engagement		79,136	990
Capital construction		3,955	3,877
		218,922	120,024
Federal sources:			
USDA food program		4,196	4,442
Title I		10,898	12,241
Title II (A)		200	200
		15,294	16,883
TOTAL REVENUES		365,025	276,699
EXPENDITURES			
Current:			
Instruction		173,353	104,419
Childcare		119,779	100,789
Administration		84,637	46,896
Facilities		11,606	12,908
Food service		5,122	4,443
Capital outlay		2,575	3,877
TOTAL EXPENDITURES		397,072	273,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(32,047)	3,367
FUND BALANCE, BEGINNING OF YEAR		79,413	76,046
Transfer to Montrose County School District RE-1J		(47,366)	
FUND BALANCE, END OF YEAR	$	-	79,413

See Notes to Financial Statements.

PASSAGE CHARTER SCHOOL

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

For the year ended June 30, 2017

NET CHANGE IN FUND BALANCE FOR GOVERNMENTAL FUNDS		$ (32,047)
THE CHANGE IN NET POSITION REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES IS DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH DEPRECIATION EXCEEDS CAPTIAL OUTLAY IN THE CURRENT PERIOD.		
Depreciation expense	16,393	
Capital outlay	-	
		(16,393)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTITITIES		$ (48,440)

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Passage Charter School is a non-profit corporation organized pursuant to the Charter School Act as defined in Colorado Revised Statutes. The School operates a secondary-level public school and infant/toddler care center to serve the educational and child care needs of pregnant and parenting adolescents and is a component unit of Montrose County School District RE-1J. A seven member governing board is appointed by consensus of the existing governing board from applications of interested members of the public. The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units per state statutes. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental financial reporting principles. The financial statements of the School consist only of the funds of the School, a component unit of Montrose County School District RE-1J. Based on the criteria set forth by GASB, there are no component units for which the school is financially accountable. Effective June 30, 2017, the School discontinued operations. Assets and liabilities of the School have been or will be transferred to Montrose County School District RE-1J.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements: The statement of net position and the statement of activities display information about all of the activities of the School. These statements include the financial activities of the overall government, except for fiduciary activities, however, the School does not have any fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The School has no business-type activities.

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The School reports the following major governmental fund:

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchanges, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY

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

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

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

Depreciation is calculated using the straight-line method over the estimated useful lives, and depreciation is recorded in the year of acquisition or construction of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

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

Deferred outflows. Deferred outflows consist of pension amounts paid to PERA in the current calendar year that were made subsequent to PERA's measurement date.

Deferred inflows. Deferred inflows consist of the District's proportionate share of PERA's collective deferred pension inflows.

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources at June 30, 2017.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified emergency reserves required by the State Constitution, Article X, Section 20 as being restricted because their use is restricted by State Statute. The School did not have any restricted resources at June 30, 2017.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2017.

- Assigned: This classification includes amounts that are contrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the Executive Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The School did not have any assigned resources at June 30, 2017.

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The School did not have any unassigned fund balance at June 30, 2017.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Fund balance classification. (continued)

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

Use of estimates in the preparation of financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

E. BUDGET AND BUDGETARY ACCOUNTING

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

a. The School adopts budgets for all funds.
b. During May the proposed budget is submitted to the Board of Directors for the fiscal year commencing the following July 1.
c. Prior to June 30, the budget is adopted and appropriations are authorized by Board resolution at the fund level for all funds
d. The budget is adopted on a basis consistent with the accounting method used for each fund.
e. Expenditures may not legally exceed appropriations at the fund level. The Board may increase or decrease the budget and appropriations during the year within Colorado law restrictions. Budget amounts included in the financial statements are based on the final, legally amended budget.
f. Appropriations lapse at the end of each year and the Board may adopt supplemental appropriations during the year. The Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the School's director or the revenue estimates must be changed by the School Board when adopting supplemental appropriations. Supplemental appropriations were adopted during the year ended June 30, 2017.

Originally adopted budgeted expenditures, amendments and the final, amended budgeted expenditures for the year ended June 30, 2017 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	$349,976	53,572	403,548

2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2017 none of the School's bank balances of $113,929 were exposed to custodial credit risk as all was insured.

Investments

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

The School had no investments during the year ended June 30, 2017.

3 - CAPITAL ASSETS

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

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets being depreciated:				
Building and improvements	$363,286		363,286	
Equipment	22,111		22,111	
TOTAL CAPITAL ASSETS BEING DEPRECIATED	385,397		385,397	
Less accumulated depreciation for:				
Building and improvements	272,097	15,405	287,502	
Equipment	18,434	988	19,422	
TOTAL ACCUMULATED DEPRECIATION	290,531	16,393	306,924	
Governmental activity capital assets, net	$ 94,866	(16,393)	(78,473)	

3 - CAPITAL ASSETS (continued)

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

Governmental activities:	
Child care	$ 988
Facilities	15,405
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	$16,393

4 - SHORT-TERM DEBT

The School had no short-term debt during the year ended June 30, 2017.

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

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

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

6 - RISK MANAGEMENT

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

7 - RELATED PARTIES

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

The School contracts with the District for payment of salaries and other payroll costs. The District provides insurance coverage for the School and the School reimburses the District for the cost. The School and the District have entered into an agreement whereby the District will fund 100 percent of the District's equalization funding based on the School's enrollment. The agreement continues through June 12, 2021.

For the year ended June 30, 2017, the School received $239,912 from the District for equalization funding and various grants. The School paid the District $305,732 for salaries, other payroll costs, insurance and other services.

7 - RELATED PARTIES (continued)

At June 30, 2017, the School had a payable to the District of $81,348.

8 - CONTINGENT LIABILITIES

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

9 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

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

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

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

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

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

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

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

9 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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

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

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

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

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

9 - DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Contributions. Eligible employees and the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the year ended 12/31/2016	For the year ended 12/31/2017
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	4.50%	5.00%
Total employer contribution rate to the SCHDTF	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF.

Employer contributions recognized by the SCHDTF from the School were $30,283 for the 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 $-0- for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The School proportion of the net pension liability was $-0-. As the School discontinued operations effective June 30, 2017, the net pension liability was assumed by Montrose County School District RE-1J of which the School is a component unit.

At December 31, 2016, the District-wide proportion was 0.6416532851 percent, which was a decrease of 0.0377780015 percent from its proportion measured as of December 31, 2015.

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2016, the recognized pension expense for the School was $37,009.

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 13,745	(10)
Changes of assumptions or other inputs	356,745	(4,958)
Net difference between projected and actual earnings or pension plan investments	36,763	
Contributions subsequent to the measurement date	15,689	
Totals	$408,821	(4,968)

The $15,689 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the Montrose County School District RE-1J.

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

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

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 a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

9 - DEFINED BENEFIT PENSION PLAN (continued)

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	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%	.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%	.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown 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 18, 2016.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

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

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

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flow timing is not a factor (i.e., the plan's fiduciary net position is 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 LDGTF'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 of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate and therefore, the discount rate is 7.25 percent.

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 prior measurement date, the long-term expected rate of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate is not presented as the School discontinued operations effective June 30, 2017 and Montrose County School District RE-1J assumed the net pension liability.

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

Payables to the pension plan
The School had no payables due to the SCHDTF at June 30, 2017.

10 - OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy - The School is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF, is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015, the School's contributions to the HCTF were $2,054, $1,318, and $1,416, respectively, equal to their required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

PASSAGE CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2017
(With comparative actual amounts for the year ended June 30, 2016)

	2017				2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
REVENUES					
Local sources:					
Childcare fees	$ 52,600	52,600	57,147	4,547	59,105
Contributions	81,500	81,500	73,575	(7,925)	80,607
Miscellaneous	500	500	87	(413)	80
	134,600	134,600	130,809	(3,791)	139,792
State sources:					
Equalization	109,725	131,670	135,831	4,161	115,157
Student re-engagement	69,000	98,859	79,136	(19,723)	990
Capital construction	3,600	3,600	3,955	355	3,877
	182,325	234,129	218,922	(15,207)	120,024
Federal sources:					
USDA food program	4,200	4,200	4,196	(4)	4,442
Title I	10,800	10,800	10,898	98	12,241
Title II (A)	200	200	200	-	200
	15,200	15,200	15,294	94	16,883
TOTAL REVENUES	332,125	383,929	365,025	(18,904)	276,699
EXPENDITURES					
Current:					
Instruction	119,925	152,275	173,353	(21,078)	104,419
Childcare	136,712	153,463	119,779	33,684	100,789
Administration	63,367	67,838	84,637	(16,799)	46,896
Facilities	10,172	10,172	11,606	(1,434)	12,908
Food service	4,200	4,200	5,122	(922)	4,443
Capital outlay	5,600	5,600	2,575	3,025	3,877
Contingency	10,000	10,000		10,000	
TOTAL EXPENDITURES	349,976	403,548	397,072	6,476	273,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,851)	(19,619)	(32,047)	(12,428)	3,367
Fund Balance, Beginning of Year	85,314	147,802	79,413	(68,389)	76,046
Transfer to Montrose County School District RE-1J			(47,366)	(47,366)	
Fund Balance, End of Year	$ 67,463	128,183	-	(128,183)	79,413

PASSAGE CHARTER SCHOOL

SCHEDULE OF ACTIVITY - NET PENSION LIABILITY

For the year ended June 30, 2017

MEASUREMENT DATE	EMPLOYER PROPORTION OF NPL	EMPLOYER PROPORTIONATE SHARE OF NPL	EMPLOYER COVERED PAYROLL	EMPLOYER PROPORTIOATE SHARE OF NPL AS A PERCENTAGE OF COVERED PAYROLL	PENSION PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
December 31, 2014	0.002324%	314,967	97,357	324%	63%
December 31, 2015	0.002332%	356,659	133,713	267%	59%
December 31, 2016	0%	-	201,354	NA	NA

PASSAGE CHARTER SCHOOL

SCHEDULE OF ACTIVITY - EMPLOYER PENSION CONTRIBUTIONS

For the year ended June 30, 2017

FISCAL YEAR ENDED	REQUIRED EMPLOYER CONTRIBUTION	EMPLOYER CONTRIBUTIONS RECOGNIZED BY THE PLAN	DIFFERENCE	EMPLOYER COVERED PAYROLL	CONTRIBUTIONS A PERCENTAGE OF EMPLOYER COVERED PAYROLL
June 30, 2015	$ 17,966	17,966		100,328	17.90%
June 30, 2016	24,536	24,536		133,173	18.35%
June 30, 2017	39,063	39,063		201,354	19.40%