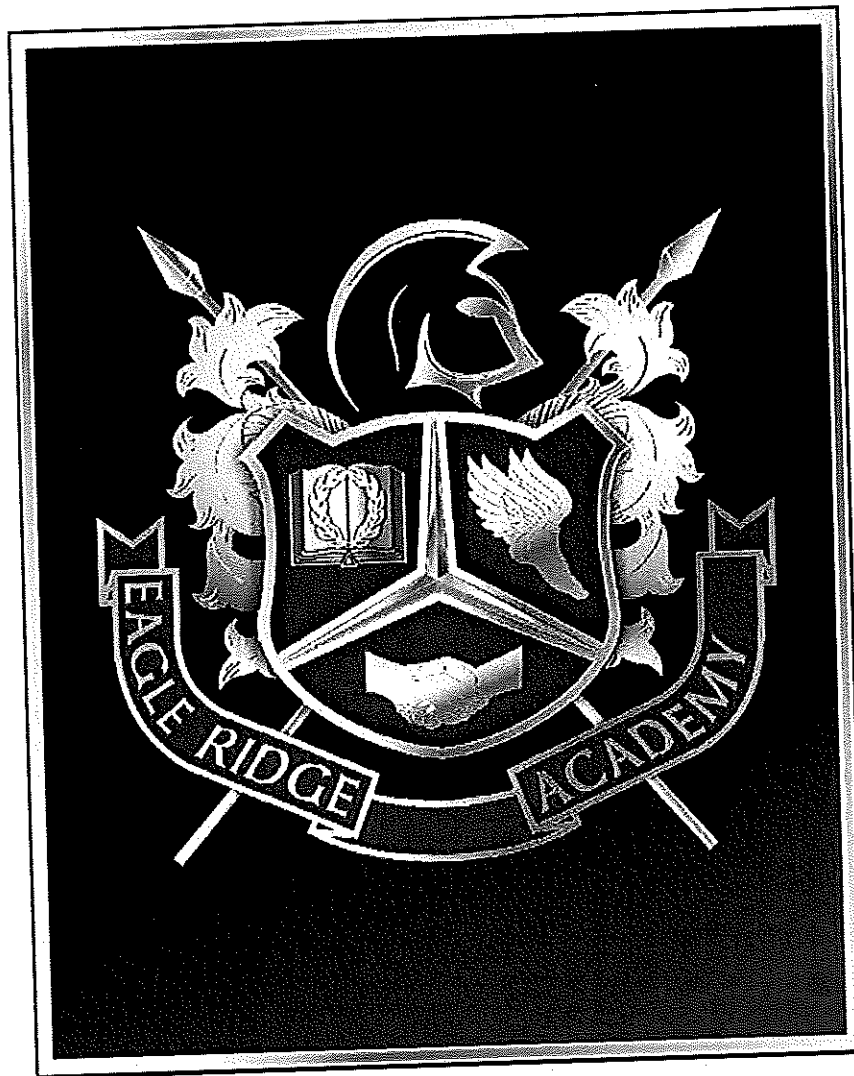


Eagle Ridge Academy

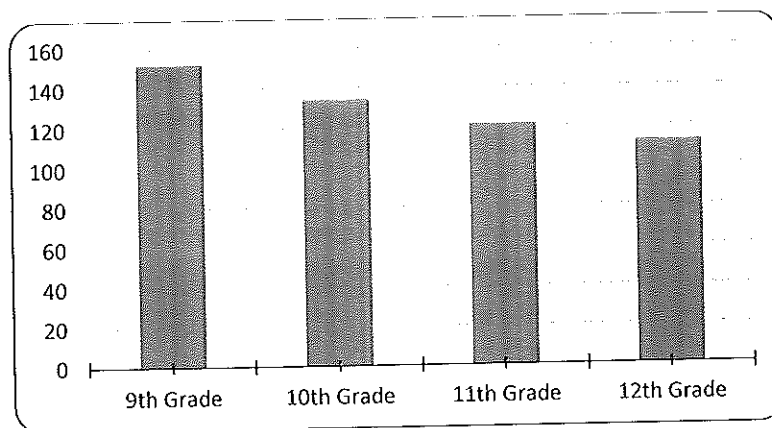


Eagle Ridge Academy High School

Mary Nell Stringer – Head of School

Charter School Board of Directors

President	Jackie Kuusinen	jkuusinen@anythinklibraries.org
Vice President	Luke Cable	lcable@erawarriors.org
Treasurer	Scott Graham	sgraham@erawarriors.org
Secretary	Dr. Albert Eng	aeng@erawarriors.org
Director	Andrew Southard	asouthard@erawarriors.org



	October	Current	Projected	Waitlisted	Offered Seats
9th Grade	152	152	155	25	155
10th Grade	134	134	144	0	144
11th Grade	121	121	128	0	128
12th Grade	112	112	113	0	113
Total	519	519	540	25	540

Current Staff	
Teachers	28
New Teachers	5
Additional Support Staff	12
Admin	2

Previous Years Suspensions	31
Previous Years Expulsions	1
Current Years Suspensions	19
Previous Year Expulsions	0

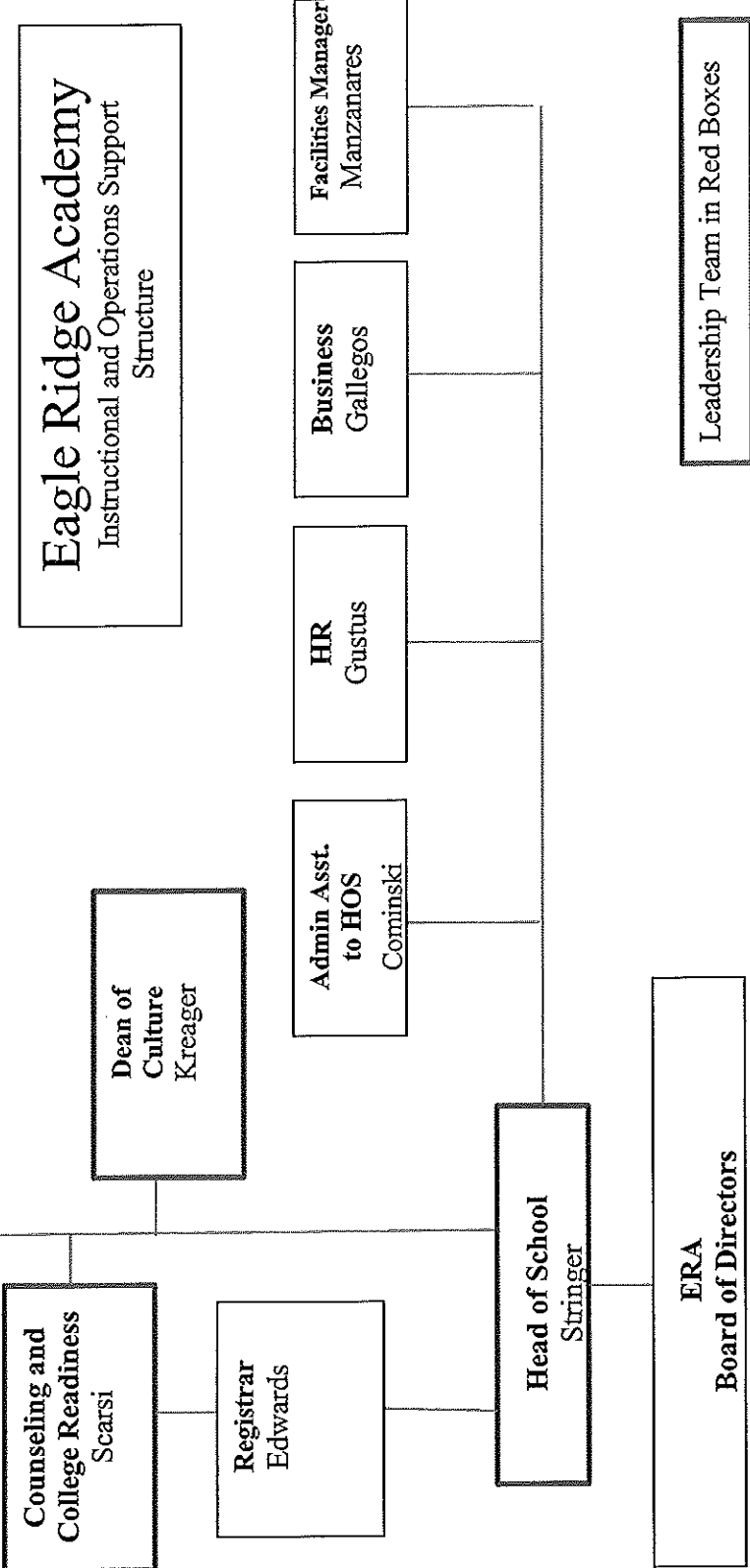
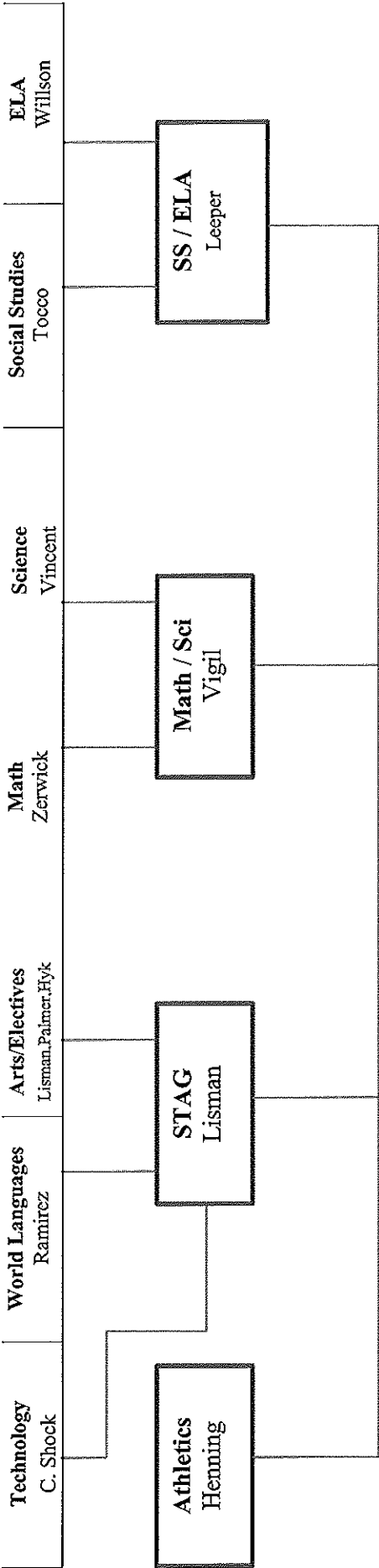


2018 -19 Board Meeting Calendar

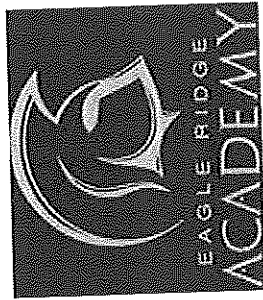
August 8, 2018	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session
September 12, 2018	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session Governance Process 3.B, 3.C, 3.D, 3.E
October 10, 2018	5:30 PM Regular Board Meeting Linkage – SD27J K-8 Charter School Boards
November 14, 2018	5:30 PM Regular Board Meeting Linkage – ERA Parents
December 12, 2018	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session Governance Process 3.F, 3.G, 3.H, 3.I
January 16, 2019	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session (Note 3 rd Weds. Instead of Usual 2 nd Weds.)
February 13, 2019	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session Global Goals 1.1, 1.2, 1.3, 1.4
March 13, 2019	5:30 PM Regular Board Meeting Linkage – Religious, Professional, and Community Groups
April 10, 2019	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session Executive Limitations 4, 4.A
May 8, 2019	5:15 PM Work Session Regular Board Meeting Immediately Following Work Session
May 29, 2019	6:00 PM Regular Board Meeting

No regular meetings in June or July

Classroom Instructional Leaders



Leadership Team in Red Boxes



We Are Warriors!

ERA Strategic Plan 2016-21

VISION STATEMENT

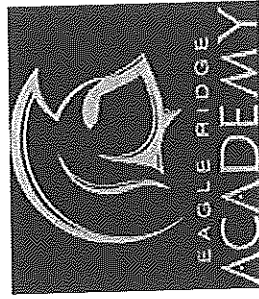
It is the vision of Eagle Ridge Academy to join students, parents, educators and the community to produce an educational environment that nurtures, excites and motivates students to learn.

Eagle Ridge empowers students to become independent and responsible thinkers, fosters academic and moral excellence, promotes creativity and encourages students to seek out higher education opportunities.

MISSION STATEMENT

It is the mission of Eagle Ridge Academy to assist families in developing exemplary citizens by equipping students with fundamental knowledge enabling them to be culturally literate, prepared for college and virtuous in character.

We accomplish this through a rigorous academic program with a strong emphasis on Science, Technology, Engineering and Mathematics taught in a safe environment.



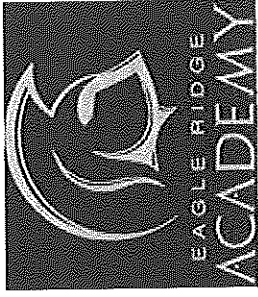
ERA Strategic Plan 2016-21

We Are Warriors!

FINANCE		
EMPHASIS #1:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Maintain financial sustainability</i>	1. Meet all statutory and contractual reserve requirements, and maintain 60-110 days of unrestricted cash on hand	Head of School – Leadership and Management; Board Treasurer – Governance and Oversight
	2. Develop strategy/plan for revenue diversification	Finance Committee
	3. Earn an unmodified audit without material findings each year	Head of School

ACADEMIC ACHIEVEMENT		
EMPHASIS #2:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Continually review and enhance a rigorous academic program to develop college-ready, exemplary citizens</i>	1. Provide and differentiate faculty development	Head of School
	2. Ensure vertically and horizontally aligned curriculum	Head of School

STAKEHOLDER RELATIONSHIPS		
EMPHASIS #3:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Strengthen stakeholder relationships by increasing involvement through communication</i>	1. Review, assess, and refine communications systems	Assistant Principal/Dean
	2. Involve families and community members with all elements of strategic plan	Assistant Principal/Dean



ERA Strategic Plan 2016-21

We Are Warriors!

PUBLIC IMAGE		
EMPHASIS #4:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Maintain trust and a positive reputation in the local community</i>	1. Sustain a culture of celebrating success	Student and Faculty Leadership
	2. Ensure ongoing media relations training for the Head of School	Board of Directors

SCIENCE, TECHNOLOGY, ENGINEERING, MATH (STEM) FOCUS		
EMPHASIS #5:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Ensure academic program is aligned with and supports ERA's STEM focus</i>	1. Define our STEM focus	Head of School
	2. Align curriculum with defined focus	Head of School
	3. Align resources with focus	Head of School

BOARD DEVELOPMENT		
EMPHASIS #6:	SHORT TERM GOALS	RESPONSIBLE PARTY
LONG TERM GOAL <i>Maintain sustainable governance</i>	1. Identify, strategize and address policy and governance needs	Board of Directors
	2. Recruit and train new Directors on an ongoing basis	Board of Directors

**EAGLE RIDGE ACADEMY
BRIGHTON, COLORADO**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

**EAGLE RIDGE ACADEMY
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eagle Ridge Academy
Brighton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Ridge Academy, a component unit of Brighton School District 27J, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities and each major fund of Eagle Ridge Academy as of June 30, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2018, Eagle Ridge Academy adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statement No. 75, Eagle Ridge Academy reported a restatement for the change in accounting principle. See Note 9 and 13 of the 2018 Financial Statements for further information. Our opinions were not modified with respect to the restatement.

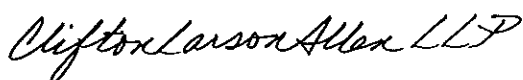
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension information, required OPEB information, and budgetary comparison information, as listed on 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018, on our consideration of Eagle Ridge Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Eagle Ridge Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eagle Ridge Academy's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 4, 2018

**EAGLE RIDGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the Eagle Ridge Academy, we offer readers of the Eagle Ridge Academy financial statements this narrative overview and analysis of the financial activities of Eagle Ridge Academy for the fiscal year ended June 30, 2018.

Financial Highlights

The liabilities and deferred inflows of resources of Eagle Ridge Academy exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$6,984,851 (net position). This is largely due to the GASB Statement No. 68 net pension liability and pension expense. In 2018, Eagle Ridge implemented GASB Statement No. 75 which had a negative impact on the ending net position as of June 30, 2018. See Note 8 and 9 for further explanation.

At the close of the fiscal year, the Eagle Ridge Academy's governmental funds reported a combined ending fund balance of \$2,633,087.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Eagle Ridge Academy's basic financial statements. Eagle Ridge Academy's basic 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 required 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 Eagle Ridge Academy's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how Eagle Ridge Academy'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 during future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

The government-wide statement of activities distinguishes functions/programs of the Eagle Ridge Academy supported primarily by per pupil operating revenue (PPOR) or property taxes passed through from Brighton School District 27J (the District). The governmental activities of the Eagle Ridge Academy include instruction and supporting services expense.

The government-wide financial statements can be found on pages 8 - 9 of this report.

**EAGLE RIDGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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. Eagle Ridge Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Eagle Ridge Academy are included as one category: governmental funds.

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 Eagle Ridge Academy'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 Eagle Ridge Academy'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.

Eagle Ridge Academy maintains two individual governmental funds, the General Fund and Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Special Revenue Fund as they are considered major funds.

Eagle Ridge Academy adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with the budget. As outlined in Note 2, the Special Revenue Fund had \$992,948 in actual expenditures above the final budgeted amount of \$740,050 as a result of capital outlay during 2018. This may be a violation of state statute.

Special Revenue Fund: The Brighton Charter School Building Corporation is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Eagle Ridge Academy for governmental use. The Corporation provides services entirely to Eagle Ridge Academy. Due to this relationship, the Corporation is reported as if it were part of or blended with Eagle Ridge Academy's operations as a Special Revenue Fund.

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. This information is provided in pages 14 - 43.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Eagle Ridge Academy, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$6,984,851 at the close of the most recent fiscal year.

**EAGLE RIDGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Eagle Ridge Academy's Net Position

	<u>2018</u>	<u>2017*</u>
Current and Other Assets	\$ 2,865,153	\$ 2,600,214
Capital Assets	<u>7,874,706</u>	<u>7,767,172</u>
Total Assets	10,739,859	10,367,386
Deferred Outflows of Resources	3,435,704	3,984,167
Current Liabilities	302,144	236,985
Other Liabilities	<u>20,421,208</u>	<u>18,945,137</u>
Total Liabilities	20,723,352	19,182,122
Deferred Inflow of Resources	437,062	42,269
Net Position		
Net Investment in Capital Assets	(1,715,227)	(1,701,611)
Restricted for:		
Emergencies	128,097	123,016
Debt Service	961,152	947,047
Repair and Replacement	101,134	100,480
Capital Projects	-	251,217
Unrestricted	<u>(6,460,007)</u>	<u>(4,902,214)</u>
Total Net Position	<u>\$ (6,984,851)</u>	<u>\$ (5,182,065)</u>

*Eagle Ridge Academy was unable to reflect the other post-employment benefit liability back to the beginning of fiscal year 2017 based on that information not being available.

The largest portion of Eagle Ridge Academy's assets (73%) is capital assets, less accumulated depreciation. Eagle Ridge Academy's overall net position decreased by \$1,578,843 during the 2018 fiscal year.

**EAGLE RIDGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Eagle Ridge Academy's Change in Net Position

	<u>2018</u>	<u>2017*</u>
Program Revenue:		
Charges for Services	\$ 204,959	\$ 175,665
Capital Contributions	136,897	142,514
Operating Grants and Contributions	49,412	96,569
Total Program Revenue	<u>391,268</u>	<u>414,748</u>
General Revenue:		
Per Pupil Operating Revenue	3,836,990	3,685,243
Investment Earnings	14,832	7,522
Other	46,907	106,243
Total General Revenue	<u>3,898,729</u>	<u>3,799,008</u>
Total Revenue	<u>4,289,997</u>	<u>4,213,756</u>
Expenses:		
Current		
Instruction	3,165,636	2,786,334
Supporting Services	2,273,870	2,156,349
Debt Services	429,334	468,278
Total Expenses	<u>5,868,840</u>	<u>5,410,961</u>
(DECREASE) IN NET POSITION	(1,578,843)	(1,197,205)
Net Position - Beginning of Year (as Restated)	<u>(5,406,008)</u>	<u>(3,984,860)</u>
NET POSITION - END OF YEAR	<u>\$ (6,984,851)</u>	<u>\$ (5,182,065)</u>

*Eagle Ridge Academy was unable to reflect the other post-employment benefit liability back to the beginning of fiscal year 2017 based on that information not being available.

Financial Analysis of the Government Funds

As noted earlier, Eagle Ridge Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of Eagle Ridge Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Eagle Ridge Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of Eagle Ridge Academy's net resources available for spending at the end of the fiscal year. Unassigned fund balance at the end of the fiscal year is \$1,371,227 with an increase of \$453,140 from the prior year. The increase is a result of an increase of \$175,943 in Local Source revenue in addition to a decrease in transfers out of approximately \$200,000. Total fund balance for the General Fund is \$1,500,723. Total revenues during FY 2017-18 were \$4,298,547 with \$3,836,990 (89%) related to Per Pupil Revenue (PPR). PPR revenue increased by \$151,747 from the prior year due to an increase in students and an increase in per pupil funding. During FY 2017-18, Eagle Ridge academy reported a student count of 519.

**EAGLE RIDGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

General Fund Budgetary Highlights

The School approves a budget no later than June, based on enrollment projections for the following school year. Adjustments are made to the budget in October after enrollment stabilizes. The School approves an amended and/or supplemental budget during the year to true up the beginning fund balance and adjustment to the actual student count. Original General Fund Budget (including transfers) was \$4,078,026 and was adjusted to \$4,248,250. Actual expenditures, including transfers out, were below budgeted expenditures by \$409,073.

Capital Asset and Debt Administration

Capital Assets: Including the building and land of Eagle Ridge Academy, capital assets net of accumulated depreciation was \$7,874,706. During fiscal year 2018, capital assets were held by the Brighton Charter Building Corporation on behalf of Eagle Ridge Academy. Accounting for the Corporation is represented in the Special Revenue Fund of the financial statements.

Long-term Lease: The School participates in a long-term lease agreement with the Brighton Charter School Building Corporation. This agreement was entered into for the purpose of providing a High School building. During 2017, Eagle Ridge Academy went through a refunding resulting in a decreased interest rate. As of June 30, 2018, Eagle Ridge Academy had \$9,589,933 in outstanding debt (including outstanding premium).

Economic Factors and Other

During the 2018 fiscal year, Eagle Ridge Academy continued making great strides towards its goal of becoming one of the leading academic institutions in the state of Colorado.

Eagle Ridge Academy increased its unrestricted fund balance and improved the technological infrastructure within the school.

During 2018, Eagle Ridge Academy implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This implementation resulted in a net OPEB liability of \$241,818 reported as of June 30, 2018 on the Statement of Net Position. See Note 9 for additional information.

Eagle Ridge Academy continues to grow in both academic performance as well as student count. ERA students established a baseline SAT score which surpasses the state average student score. ERA maintained its status as a satellite campus for Front Range Community College and has remained one of the largest participants in the Concurrent Enrollment Program for Colorado where students earn college credits during their high school careers. Overall, ERA continues to be a viable school of choice for families seeking the challenging environment of a college preparatory/dual-enrollment high school.

Through continued improvements of its financial structures, increased enrollment, and its advancements of a strong academic foundation, Eagle Ridge Academy has strengthened its future as an academically rigorous and financially sustainable entity.

Requests for Information

This financial report is designed to provide a general overview of the Eagle Ridge Academy's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tara Gallegos, Business Manager, Eagle Ridge Academy, 3551 E. Southern Street, Brighton, Colorado 80601.

BASIC FINANCIAL STATEMENTS

**EAGLE RIDGE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,645,864
Restricted Cash and Investments	1,132,364
Accounts Receivable, Net of Allowance	85,526
Prepaid Items	1,399
Capital Assets, Not Depreciated	50,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>7,824,706</u>
Total Assets	10,739,859
 DEFERRED OUTFLOWS OF RESOURCES	
Related to OPEB	17,148
Related to Pension	<u>3,418,556</u>
Total Deferred Outflows of Resources	3,435,704
 LIABILITIES	
Accounts Payable	19,806
Claims Payable	97,419
Accrued Salaries and Benefits	114,841
Accrued Interest	70,078
Noncurrent Liabilities	
Bonds Due within One Year	324,227
Bonds Due in more than One Year	9,265,706
Net OPEB Liability	241,818
Net Pension Liability	<u>10,589,457</u>
Total Liability	20,723,352
 DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	4,046
Related to Pension	<u>433,016</u>
Total Deferred Inflows of Resources	<u>437,062</u>
 NET POSITION	
Net Investment in Capital Assets	(1,715,227)
Restricted:	
Emergencies	128,097
Debt Service	961,152
Repair and Replacement	101,134
Unrestricted	<u>(6,460,007)</u>
Total Net Position	<u><u>\$ (6,984,851)</u></u>

See accompanying Notes to Financial Statements.

**EAGLE RIDGE ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instructional	\$ 3,165,636	\$ 71,381	\$ 49,412	\$ 136,897	\$ (2,907,946)
Supporting Services	2,273,870	133,578	-	-	(2,140,292)
Interest on Long-Term Debt	429,334	-	-	-	(429,334)
Total Governmental Activities	<u>\$ 5,868,840</u>	<u>\$ 204,959</u>	<u>\$ 49,412</u>	<u>\$ 136,897</u>	<u>(5,477,572)</u>
General Revenues:					
Per Pupil Revenue					3,836,990
Investment Income					14,832
Other					<u>46,907</u>
Total General Revenues					<u>3,898,729</u>
Change in Net Position					(1,578,843)
Net Position - Beginning of Year (as Restated)					<u>(5,406,008)</u>
NET POSITION - END OF YEAR					<u><u>\$ (6,984,851)</u></u>

See accompanying Notes to Financial Statements.

EAGLE RIDGE ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,645,864	\$ -	\$ 1,645,864
Restricted Cash and Investments	-	1,132,364	1,132,364
Accounts Receivable	85,526	-	85,526
Prepaid Items	1,399	-	1,399
Total Assets	<u>\$ 1,732,789</u>	<u>\$ 1,132,364</u>	<u>\$ 2,865,153</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 19,806	\$ -	\$ 19,806
Accrued Salaries and Benefits	114,841	-	114,841
Claims Payable	97,419	-	97,419
Total Liabilities	<u>232,066</u>	<u>-</u>	<u>232,066</u>
FUND BALANCES			
Nonspendable	1,399	-	1,399
Restricted:			
Emergencies	128,097	-	128,097
Debt Service	-	1,031,230	1,031,230
Repair and Replacement	-	101,134	101,134
Unassigned	1,371,227	-	1,371,227
Total Fund Balances	<u>1,500,723</u>	<u>1,132,364</u>	<u>2,633,087</u>
Total Liabilities and Fund Balances	<u>\$ 1,732,789</u>	<u>\$ 1,132,364</u>	<u>\$ 2,865,153</u>

See accompanying Notes to Financial Statements.

**EAGLE RIDGE ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Total Fund Balances of Governmental Funds	\$ 2,633,087
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,874,706
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities in the current period and, therefore, are not reported in the governmental funds.	(9,589,933)
Bonds Payable	(10,589,457)
Net Pension Liability	(241,818)
Net OPEB Liability	
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,418,556
Related to Pension	17,148
Related to OPEB	
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(433,016)
Related to Pension	(4,046)
Related to OPEB	
Accrued interest payable is recognized in the statement of net position but is not due payable in the current period.	<u>(70,078)</u>
Total Net Position of Governmental Activities	<u><u>\$ (6,984,851)</u></u>

EAGLE RIDGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources	\$ 4,093,877	\$ -	\$ 4,093,877
State and Federal Sources	188,193	-	188,193
Investment Income	-	14,832	14,832
Miscellaneous	16,477	-	16,477
Total Revenues	<u>4,298,547</u>	<u>14,832</u>	<u>4,313,379</u>
EXPENDITURES			
Current			
Instruction	1,708,999	-	1,708,999
Supporting Services	1,319,653	-	1,319,653
Debt Service			
Principal	-	300,000	300,000
Interest	-	440,419	440,419
Capital Outlay	70,475	252,529	323,004
Total Expenditures	<u>3,099,127</u>	<u>992,948</u>	<u>4,092,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,199,420	(978,116)	221,304
OTHER FINANCING SOURCES (USES)			
Transfers In	-	739,800	739,800
Transfers Out	<u>(739,800)</u>	<u>-</u>	<u>(739,800)</u>
Total Other Financing Sources (Uses)	<u>(739,800)</u>	<u>739,800</u>	<u>-</u>
Net Changes in Fund Balances	459,620	(238,316)	221,304
Fund Balances - Beginning of Year	<u>1,041,103</u>	<u>1,370,680</u>	<u>2,411,783</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,500,723</u></u>	<u><u>\$ 1,132,364</u></u>	<u><u>\$ 2,633,087</u></u>

See accompanying Notes to Financial Statements.

**EAGLE RIDGE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net change in fund balances of governmental funds	\$ 221,304
Amounts reported for governmental activities in the statement of activities are different because:	
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 expenses in the statement of activities.	
Capital Outlay	323,004
Depreciation Expense	(215,470)
Certain revenues not available to pay for current period expenditures and, therefore, deferred in governmental funds but recorded as general revenues in the statement of activities.	
	(23,382)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the net change in interest reported in the statement of activities.	
	1,858
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond Principal	300,000
Amortization of Bond Premium	9,227
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:	
OPEB Expense	(4,773)
Pension Expense	(2,190,611)
Change in Net Position of Governmental Activities	<u>\$ (1,578,843)</u>

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle Ridge Academy was formed in July 2010 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Brighton School District 27J (the District) in the state of Colorado.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of Eagle Ridge Academy's significant accounting policies consistently applied in the preparation of these financial statements follows:

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

Eagle Ridge Academy has been determined to be a component unit of the District.

For financial reporting purposes, in conformance with GASB, Eagle Ridge Academy includes all funds, agencies, boards, and commissions that are controlled by or dependent on its board of directors. Control by or dependence on Eagle Ridge Academy was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of Eagle Ridge Academy, obligation of Eagle Ridge Academy to finance any debts that may occur, or receipt of significant subsidies from Eagle Ridge Academy. Eagle Ridge Academy is not financially accountable for any other organization.

Eagle Ridge Academy has an affiliated finance corporation that was formed to provide facilities, equipment, and other support to Eagle Ridge Academy.

Blended Component Unit

The Brighton Charter School Building Corporation (Corporation) is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Eagle Ridge Academy for governmental use. The Corporation provides services entirely to Eagle Ridge Academy. Due to the above relationships, the Corporation is reported as if it were part of or blended with Eagle Ridge Academy's operations as a special revenue fund. No separate financial statements for the Corporation have been issued.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of the activities of Eagle Ridge Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included as program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of Eagle Ridge Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

General Fund – This fund is the general operating fund of Eagle Ridge Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for the activity of the Brighton Charter School Building Corporation, funded primarily from transfers from the general fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

All governmental funds use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred inflow of resources account is established when receipts exceed the related expenditures.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Assets, Liabilities, and Fund Balance/Net Position

Cash & Investments – Investments are reported at amortized cost.

Receivables – Receivable consists primarily of amounts owed from state and local governments and other local entities. They 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 land, construction in progress, Eagle Ridge Academy's building and building improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Eagle Ridge Academy as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements.

Capital assets of Eagle Ridge Academy are depreciated using the straight-line method. Eagle Ridge Academy depreciated the building over an estimated useful life of ranging from 5 to 50 years.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows of Resources – Eagle Ridge Academy's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. Eagle Ridge Academy has four types of items classified as deferred outflows of resources related to GASB No. 68 and GASB No. 75: 1) contributions subsequent to measurement date; 2) change in proportionate share of the net pension liability and net OPEB liability; 3) change in assumptions; and 4) change in experience. See Note 8 and 9 for additional information.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Pension Liability – Eagle Ridge Academy's governmental activities report a net pension liability as of June 30, 2018. Eagle Ridge Academy is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 9 for additional information.

Deferred Inflows of Resources – Eagle Ridge Academy's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. Eagle Ridge Academy has two items, which are classified as deferred inflows of resources due to GASB No. 68 and GASB No. 75: 1) change in investment earnings; and 2) change in assumptions. See Note 8 and 9 for additional information.

Net Position – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

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 Eagle Ridge Academy 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:

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Eagle Ridge Academy had \$1,399 in nonspendable resources as of June 30, 2018.

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. Eagle Ridge Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2018 is \$128,097. The Special Revenue Fund has debt service and repair and replacement restrictions totaling \$1,132,364 as of June 30, 2018 due to the Series 2016 Bonds.

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 (i.e. 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. Eagle Ridge Academy did not have any committed resources as of June 30, 2018.

Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use, but does not meet the criteria to be classified as restricted or committed. The purpose of this assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Eagle Ridge Academy did not have any assigned resources as of June 30, 2018.

Unassigned – This classification includes the residual fund balance for the general fund.

Eagle Ridge Academy 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 balance.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Year GASB Statement Implementation

For the year ended June 30, 2018, Eagle Ridge Academy adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75), which is effective for fiscal years beginning after June 15, 2017. GASB No. 75 establishes new financial reporting requirements for most governments that provide their employees with OPEB benefits. GASB No. 75 requires cost-sharing employers participating in the PERA (Healthcare Trust Fund) program, to record their proportionate share of PERA's unfunded OPEB liability.

For Eagle Ridge Academy, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. As described above, this statement required that Eagle Ridge Academy record their proportionate share of PERA's unfunded pension liability. See Note 9 and 13 to the financial statements for the effect of implementation related to Eagle Ridge Academy for the year ended June 30, 2018.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget was adopted for the general fund and special revenue fund for fiscal year 2018, on a basis consistent with generally accepted accounting principles.

Eagle Ridge Academy's management submits to the board of directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the board prior to June 30.

Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the board. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

As of June 30, 2018, the special revenue fund had \$992,948 in actual expenditures above the final budgeted amount of \$740,050 as a result of capital outlay and construction of a new parking lot. This may be a violation of state statute.

NOTE 3 CASH AND INVESTMENTS

Cash Deposits

Eagle Ridge Academy's deposits are governed by Colorado Statute. 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 for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (Continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2018, Eagle Ridge Academy had deposits with financial institutions with a carrying amount of \$1,645,341. The bank balances with the financial institutions were \$1,793,474 all of which was covered by federal depository insurance or collateralized under PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government 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 and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk

Eagle Ridge Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligation, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency.

State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Colorado Surplus Asset Trust Fund

As of June 30, 2018, Eagle Ridge Academy had invested \$1,132,887 in the Colorado Surplus Asset Fund Trust, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

	<u>Maturity</u>	<u>Amortized Cost</u>
Investments:		
Local Government Investment Pool (CSAFE)	Less Than One Year	<u>\$ 1,132,887</u>

The following is a reconciliation of cash and investments per this note to the basic financial statements.

Cash and investments at June 30, 2018 consisted of the following:

Cash Deposits	\$ 1,645,341
Investments	<u>1,132,887</u>
Total	<u>\$ 2,778,228</u>

Restricted Cash and Investments

Cash in the amount of \$1,132,364 is restricted in the special revenue fund (Brighton Charter School Building Corporation) for debt service requirements, as a result of the Series 2016 bond issuance. This balance is made up of accounts set up for the payment of principal and interest in the amount of \$287,446. In addition, per the mortgage and loan agreement between the Corporation and the Colorado Educational and Cultural Facilities Authority (CECFA) regarding the Corporation's \$9,720,000 Charter School Revenue Bonds, further discussed in Note 6, the account set up for the bond reserve requirement is to maintain a balance of \$741,500. As of June 30, 2018, this account had a balance of \$743,784.

The final restricted cash account requirement between the Corporation and CECFA is the establishment of a Repair and Replacement Fund. This requirement dictates that Eagle Ridge Academy must maintain a balance of \$100,000 at the close of each fiscal year. For the year ended June 30, 2018, \$101,134 was the balance of this restricted cash account.

EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 is summarized below.

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, not Depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in Progress	43,767	323,004	366,771	-
Total Capital Assets Not Being Depreciated	93,767	323,004	366,771	50,000
Capital Assets, Being Depreciated:				
Building	9,031,412	-	-	9,031,412
Building Improvements	413,730	-	-	413,730
Land Improvements	-	366,771	-	366,771
Total Capital Assets Being Depreciated	9,445,142	366,771	-	9,811,913
Accumulated Depreciation:				
Building	(1,746,982)	(179,719)	-	(1,926,701)
Building Improvements	(24,755)	(26,582)	-	(51,337)
Land Improvements	-	(9,169)	-	(9,169)
Total Accumulated Depreciation	(1,771,737)	(215,470)	-	(1,987,207)
Total Capital Assets, Being Depreciated, Net	7,673,405	151,301	-	7,824,706
Total Capital Assets	<u>\$ 7,767,172</u>	<u>\$ 474,305</u>	<u>\$ 366,771</u>	<u>\$ 7,874,706</u>

Depreciation expense of \$215,470 was charged to the supporting services function/program of Eagle Ridge Academy.

NOTE 5 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a 12-month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2018, were \$114,841 in the general fund.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 LONG-TERM DEBT

Following is a summary of Eagle Ridge Academy's long-term debt transactions for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current
Bonds Payable -					
Series 2016	\$ 9,720,000	\$ -	\$ 300,000	\$ 9,420,000	\$ 315,000
Premium	179,160	-	9,227	169,933	9,227
Total	<u>\$ 9,899,160</u>	<u>\$ -</u>	<u>\$ 309,227</u>	<u>\$ 9,589,933</u>	<u>\$ 324,227</u>

Bonds Payable

In November 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$9,720,000 Charter School Revenue Bonds dated November 1, 2016. On November 1, 2016, the Corporation entered into a mortgage and lease agreement with the Brighton Charter School to use the bond proceeds for: a) current refunding of the Authority's Charter School Revenue Bonds Series 2006 in the original aggregate principal amount of \$10,195,000, which were outstanding in the principal amount of \$9,345,000; b) constructing improvements to existing educational facilities originally financed with proceeds of the Series 2006 Bonds; c) funding a bond reserve fund; and d) paying certain costs of issuance of the Bonds. The Bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in authorized denominations on November 1, 2021, and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption. The bonds accrue interest at 4.62%. Interest payments are due semi-annually on May 1 and November 1. Principal payments are due annually on November 1, through 2037.

See Note 3 for certain restricted cash reserves to be maintained relating to Eagle Ridge Academy's bonds payable. Also, the debt agreement requires Eagle Ridge Academy to maintain certain fund balance requirements. As of June 30, 2018, Eagle Ridge Academy was in compliance with the following debt related fund balance requirement: (1) it is to maintain emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR).

The balance outstanding on the bonds at June 30, 2018 was \$9,420,000. Future debt service requirements to maturity for the long-term debt transactions are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 315,000	\$ 420,466	\$ 735,466
2020	325,000	408,866	733,866
2021	335,000	396,903	731,903
2022	350,000	384,488	734,488
2023	360,000	371,619	731,619
2024-2028	2,005,000	1,645,885	3,650,885
2029-2033	2,505,000	1,131,375	3,636,375
2034-2037	3,225,000	385,875	3,610,875
Total	<u>\$ 9,420,000</u>	<u>\$ 5,145,477</u>	<u>\$ 14,565,477</u>

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
	General Fund	Special Revenue Fund	
Interfund Transfers:			<u>\$ 739,800</u>

Interfund transfer activity relates to Eagle Ridge Academy's general fund subsidizing debt service payments to the Special Revenue Fund for payment of Eagle Ridge Academy's bonds payable further discussed in Note 6.

NOTE 8 DEFINED BENEFIT PENSION PLAN

Eagle Ridge Academy 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. As these changes to plan provisions were not in effect at the end of 2017 which was the measurement date of the net pension liability, a detailed summary of the changes required by SB 18-200 is listed in a subsequent event section at the end of this footnote.

General Information about the Pension Plan

Plan Description

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

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

In all cases, the service retirement benefit is limited to 100% 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five 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 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 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% or the average CPI-W for the prior calendar year, not to exceed 10% 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.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions

Eligible employees of Eagle Ridge Academy 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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Year Ended December 31, 2017	Year Ended December 31, 2018
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total Employer Contribution Rate to SCHDTF ¹	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and Eagle Ridge Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for Eagle Ridge Academy for the year ended June 30, 2018 were \$290,393.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources**

At June 30, 2018, Eagle Ridge Academy reported a liability of \$10,589,457 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. Eagle Ridge Academy's proportion of the net pension liability was based on Eagle Ridge Academy's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2017, Eagle Ridge Academy's proportion was 0.03275%, which was an increase of 0.00133% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, Eagle Ridge Academy recognized pension expense of \$2,199,782. At June 30, 2018, Eagle Ridge Academy 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	\$ 194,696	\$ -
Changes of Assumptions or Other Inputs	2,703,882	17,158
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	415,858
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	371,662	-
Contributions Subsequent to the Measurement Date	148,316	-
Total Deferred Amounts	<u>\$ 3,418,556</u>	<u>\$ 433,016</u>

\$148,316 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,886,830
2020	1,068,031
2021	38,810
2022	(156,447)
Total	<u>\$ 2,837,224</u>

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The December 31, 2016 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

	<u>Actuarial Assumptions</u>
Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 9.70%
Long-Term Investment Rate of Return, Net of Pension	
Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	5.26%
Future Post-Retirement Benefit Increase:	
PERA Benefit Structure Hired Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure Hired Prior to 12/30/06 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

¹ The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 4.78% as described below.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

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 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 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 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (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.

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.

As of the November 18, 2016 adoption of the current 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	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	<u>100.00%</u>	

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%.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 4.78%. The basis for the projection of liabilities and the plan fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the SCHDTF as of the prior measurement date, December 31, 2016. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rate as of the measurement date. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, 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 the subsequent AIR benefit payments have no impact on the single equivalent interest rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of December published at the end of each week by The Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25% and the municipal bond index rate of 3.86% were used in the discount rate determination resulting in a discount rate of 5.26%.

Sensitivity of the Eagle Ridge Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (3.78%) or one percentage-point higher (5.78%) than the current rate:

	<u>1% Decrease (3.78%)</u>	<u>Current Discount Rate (4.78%)</u>	<u>1% Increase (5.78%)</u>
Proportionate Share of the Net Pension Liability	<u>\$ 13,376,285</u>	<u>\$ 10,589,457</u>	<u>\$ 8,318,510</u>

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.

Subsequent Events

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100% funded ratio for each division within the next 30 years.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A summary of the bill's main provisions is as follows:

Benefit Changes

- Increase the number of years used in the HAS calculation from three to five years for members, except judges, who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Increase the number of years used in the HAS calculation for the Judicial Division from one to three years for members who do not have five years of service credit on December 31, 2019, and for new members hired on or after January 1, 2020.
- Redefine PERA-includable salary for all members to include payouts of unused sick leave.
- Redefine PERA-includable salary for members hired on or after July 1, 2019, to include contributions to IRC Section 125 and 132 plans.
- Apply the State Trooper contribution rate, retirement age, and benefits to other safety officers, including sheriff deputies and corrections officers hired on or after January 1, 2020.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 64 with 30 years.
 - Age 65 with 5 years.
- For members, other than State Troopers, hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 25 years.
 - Age 60 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for full service retirement is met at:
 - Any age with 35 years.
 - Age 55 with 25 years.
 - Age 65 with 5 years.
- For State Troopers hired on or after January 1, 2020, age and service for reduced service retirement is met at:
 - Age 55 with 20 years.
- Temporary suspension of Annual Increase (AI) for years 2018 and 2019.
- Sets the AI cap at 1.5% and extends the AI waiting period from one to three years.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution Changes

- Incrementally increases the member contribution percentage a total of 2.00% as follows:
 - 0.75% on July 1, 2019.
 - 0.75% on July 1, 2020.
 - 0.50% on July 1, 2021.
- Increase employer contributions 0.25% on July 1, 2019, for all divisions except for the Local Government Division.
- PERA will receive an annual direct distribution from the State in the amount of \$225 million. The distribution will occur on July 1, 2018, and on July 1 each year thereafter until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust funds as it would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the Local Government Division.
- Beginning January 1, 2021, and every year thereafter, employer contribution rates for the Local Government and State Divisions will be adjusted to include a defined contribution supplement. The defined contribution supplement for these two divisions will be the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon, expressed as a percentage of salary on which employer contributions have been made.

Other Provisions

- Beginning July 1, 2020, and then each year thereafter, member contributions, employer contributions, the direct distribution from the State, and the AI will be adjusted based on certain statutory parameters to keep PERA on path to full funding in 30 years.
- Expands PERAChoice for new members hired on or after January 1, 2019, in the Local Government Division and to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division.
- Increases the cost to disaffiliate for Local Government Division.
- Expands the existing Fire and Police Pension Reform Commission to include oversight of PERA and creates a new Subcommittee exclusively focused on PERA.
- PERA may share private equity and real estate investment information in an executive session of the legislative members of the Pension Review Commission unless confidentiality provisions of contracts prohibit such disclosure.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Governmental accounting standards require the net pension liability for financial reporting purposes be measured using the plan provisions in effect as of the pension plan's year-end. The collective net pension liability calculated using the plan provisions in effect at December 31, 2017 for the SCHDTF can be found in the notes above. For comparative purposes, the following schedule presents the collective net pension liability and associated discount rate disclosed in the notes above, as well as an estimate of what the collective net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017.

This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future collective net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

	Discount Rate	Net Pension Liability	Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Estimated Collective Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
PERA Total	4.78%	\$ 32,336,446,000	7.25%	\$ 14,609,326,000
Proportionate Share	4.78%	10,589,457	7.25%	4,784,225

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the collective net pension liability, approximately \$15,094,855,000 of the estimated reduction is attributable to the use of a 7.25% discount rate.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan Description

Eligible employees of Eagle Ridge Academy are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided

Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies.

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, Eagle Ridge Academy reported a liability of \$241,818 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. Eagle Ridge Academy's proportion of the net OPEB liability was based on Eagle Ridge Academy's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF. At December 31, 2017, Eagle Ridge Academy's proportion was 0.01861% which was an increase of 0.00075% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, Eagle Ridge Academy recognized OPEB expense of \$5,063. At June 30, 2018, Eagle Ridge Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,144	\$ -
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	4,046
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	8,096	-
Contributions Subsequent to the Measurement Date	7,908	-
Total Deferred Amounts	<u>\$ 17,148</u>	<u>\$ 4,046</u>

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

\$7,908 reported as deferred outflows of resources related to OPEB resulting from Eagle Ridge Academy's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 804
2020	804
2021	804
2022	805
2023	1,816
Thereafter	161
Total	<u>\$ 5,194</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	<u>Actuarial Assumptions</u>
Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50% in the Aggregate
Long-Term Investment Rate of Return, Net of OPEB	
Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2017, Gradually Rising to 4.25% in 2023

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA Board's actuary, as needed.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the State and Local Government Divisions were based on 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.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 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 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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.

As of the November 18, 2016 adoption of the current 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	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	<u>100.00%</u>	

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%.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projections of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the HCTF as of the prior measurement date, December 31, 2016. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- 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%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF'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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate. There was no change in the discount rate from the prior measurement date.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of Eagle Ridge Academy's proportionate share of the net OPEB liability to changes in the discount rate: The following presents Eagle Ridge Academy's proportionate share of the net OPEB liability, as well as what Eagle Ridge Academy's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	<u>\$ 271,880</u>	<u>\$ 241,818</u>	<u>\$ 216,160</u>

Sensitivity of Eagle Ridge Academy's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents Eagle Ridge Academy's proportionate share of the net OPEB liability, as well as what Eagle Ridge Academy's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Proportionate Share of the Net OPEB Liability	<u>\$ 235,165</u>	<u>\$ 241,818</u>	<u>\$ 249,832</u>

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Eagle Ridge Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Eagle Ridge Academy may be required to reimburse the grantor government.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the *Taxpayer's Bill of Rights (TABOR)*, contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Eagle Ridge Academy believes it has complied with the Amendment. As required by the Amendment, Eagle Ridge Academy has established a reserve for emergencies. At June 30, 2018, the reserve of \$128,097 was recorded as a restriction of fund balance in the general fund.

NOTE 12 RISK MANAGEMENT

Eagle Ridge Academy, in conjunction with Bromley East Charter School and Belle Creek Charter School, has established a self-insurance collective purchasing arrangement for employee health benefits. Eagle Ridge Academy's premiums are determined at the beginning of each fiscal year and are deposited into a claims account throughout the year. The claims account is reported as cash with an offsetting liability in the general fund. The self-insurance arrangement's fiscal year ends each September 30, and includes individual stop loss insurance of \$65,000 and aggregate maximum benefit of \$1,000,000.

Eagle Ridge Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Eagle Ridge Academy carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Liability for Unsubmitted Claims

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The carrying amount of claim liabilities are stated at anticipated cost for claims expected to be paid during the next year.

**EAGLE RIDGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 RISK MANAGEMENT (CONTINUED)

The estimated claim liability of \$97,419 as of June 30, 2018, and \$62,395 as of June 30, 2017, represents an estimate of IBNR claims. This plan is included in the Eagle Ridge Academy's general fund within the financial statement line claims payable. The following presents the changes in claims liability balances during the current fiscal year ended June 30, 2018 and prior fiscal year ended June 30, 2017:

	Balance June 30, 2017	Claims Incurred	Claims Paid	Balance June 30, 2018
Claim Liability	<u>\$ 62,395</u>	<u>\$ 370,188</u>	<u>\$ 335,164</u>	<u>\$ 97,419</u>

	Balance June 30, 2016	Claims Incurred	Claims Paid	Balance June 30, 2017
Claim Liability	<u>\$ 24,145</u>	<u>\$ 166,681</u>	<u>\$ 128,431</u>	<u>\$ 62,395</u>

Claims did not exceed the Eagle Ridge Academy's insurance coverage during fiscal years 2018, 2017 and 2016.

NOTE 13 PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2018, Eagle Ridge Academy adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB no. 75), which is effective for financial statements beginning after June 15, 2017. GASB No. 75 revises and establishes new financial reporting requirements for most governments that provide postemployment benefits other than pensions (OPEB). GASB No. 75 requires cost-sharing employers participating in the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) to record their proportionate share, as defined in GASB No. 75, of the HCTF's net OPEB liability.

For Eagle Ridge Academy, the effect of implementing this standard was to change how it accounts and reports the net OPEB liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

Net Position, June 30, 2017, as Previously Reported	\$ (5,182,065)
Cumulative Effect of Application of GASB No. 75, Net OPEB Liability	<u>(223,943)</u>
Net Position, June 30, 2017, as Restated	<u>\$ (5,406,008)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources:				
Per Pupil Revenue	\$ 3,649,030	\$ 3,836,993	\$ 3,836,990	\$ (3)
Tuition and Fees	178,000	201,350	204,959	3,609
Mill Levy	22,304	21,475	21,498	23
Grants and Donations	500	500	30,430	29,930
Miscellaneous	24,625	24,250	16,477	(7,773)
State and Federal Sources:				
Grants and Donations	71,821	51,318	51,296	(22)
Capital Contributions	136,603	129,850	136,897	7,047
Total Revenues	4,082,883	4,265,736	4,298,547	32,811
EXPENDITURES				
Instruction:				
Salaries	1,370,400	1,358,400	1,045,171	313,229
Employee Benefits	384,927	399,939	392,587	7,352
Purchased Services	90,000	100,000	99,469	531
Student Activities	75,000	85,000	97,961	(12,961)
Supplies and Materials	165,000	155,000	73,811	81,189
Supporting Services:				
Salaries	221,066	221,066	529,971	(308,905)
Employee Benefits	195,183	202,795	199,067	3,728
Purchased Services	680,400	713,500	525,749	187,751
Supplies and Materials	71,500	68,500	31,716	36,784
Other	34,500	29,000	33,150	(4,150)
Capital Outlay	50,000	175,000	70,475	104,525
Total Expenditures	3,337,976	3,508,200	3,099,127	409,073
EXCESS OF REVENUES OVER EXPENDITURES	744,907	757,536	1,199,420	441,884
OTHER FINANCING USES				
Bond Proceeds	18,451	-	-	-
Transfers Out	(740,050)	(740,050)	(739,800)	250
Total Other Financing Sources Uses	(721,599)	(740,050)	(739,800)	250
Net Change in Fund Balance	23,308	17,486	459,620	442,134
Fund Balance - Beginning of Year	890,739	1,041,103	1,041,103	-
FUND BALANCE - END OF YEAR	<u>\$ 914,047</u>	<u>\$ 1,058,589</u>	<u>\$ 1,500,723</u>	<u>\$ 442,134</u>

EAGLE RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ -	\$ 14,832	\$ 14,832
Total Revenues	-	14,832	14,832
EXPENDITURES			
Capital outlay	-	252,529	(252,529)
Debt service:			
Principal	310,000	300,000	10,000
Interest	430,050	440,419	(10,369)
Total Expenditures	740,050	992,948	(252,898)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(740,050)	(978,116)	(238,066)
OTHER FINANCING SOURCES (USES)			
Transfers In	762,975	739,800	(23,175)
Total Other Financing Sources	762,975	739,800	(23,175)
Net Change in Fund Balance	22,925	(238,316)	(261,241)
FUND BALANCE - Beginning of Year	741,571	1,370,680	629,109
FUND BALANCE - END OF YEAR	<u>\$ 764,496</u>	<u>\$ 1,132,364</u>	<u>\$ 367,868</u>

**EAGLE RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's Proportion (Percentage) of the Collective Net Pension Liability	0.03274%	0.03142%	0.02888%	0.02700%
School's Proportionate Share of the Collective Pension Liability	10,589,457	9,355,204	4,417,052	3,659,020
Covered Payroll	1,509,515	1,402,174	1,258,111	1,130,537
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	701.51%	667.19%	351.09%	323.65%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	43.96%	43.10%	59.20%	62.80%

* The amounts presented for each fiscal year were determined as of December 31.

EAGLE RIDGE ACADEMY
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

<u>As of June 30.</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily Required Contributions	\$ 290,393	\$ 272,233	\$ 236,777	\$ 198,038	\$ 175,432	\$ 167,982	\$ 128,574
Contributions in Relation to the Statutorily Required Contribution	290,393	272,233	236,777	198,038	175,432	167,982	128,574
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	1,537,929	1,480,962	1,335,440	1,172,981	1,096,672	1,081,660	946,842
Contribution as a Percentage of Covered Payroll	18.88%	18.38%	17.73%	16.88%	16.00%	15.53%	13.58%

* The amounts presented for each fiscal year were determined as of June 30.

**EAGLE RIDGE ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.01861%	0.01786%
School's Proportionate Share of the Collective OPEB Liability	241,818	231,561
Covered Payroll	1,509,515	1,402,174
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	16.02%	16.51%
Plan Fiduciary Net OPEB as a Percentage of the Total Pension Liability	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31.

EAGLE RIDGE ACADEMY
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

<u>As of June 30,</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily Required Contributions	\$ 15,687	\$ 15,125	\$ 13,621	\$ 12,012	\$ 11,186	\$ 11,033	\$ 9,658
Contributions in Relation to the Statutorily Required Contribution	15,687	15,125	13,621	12,012	11,186	11,033	9,658
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	1,537,929	1,480,962	1,335,440	1,172,981	1,096,672	1,081,660	946,842
Contribution as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of June 30



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Eagle Ridge Academy
Brighton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Eagle Ridge Academy, a component unit of Brighton School District 27J, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Eagle Ridge Academy's basic financial statements, and have issued our report thereon dated September 4, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Ridge Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle Ridge Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle Ridge Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
Eagle Ridge Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eagle Ridge Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 4, 2018