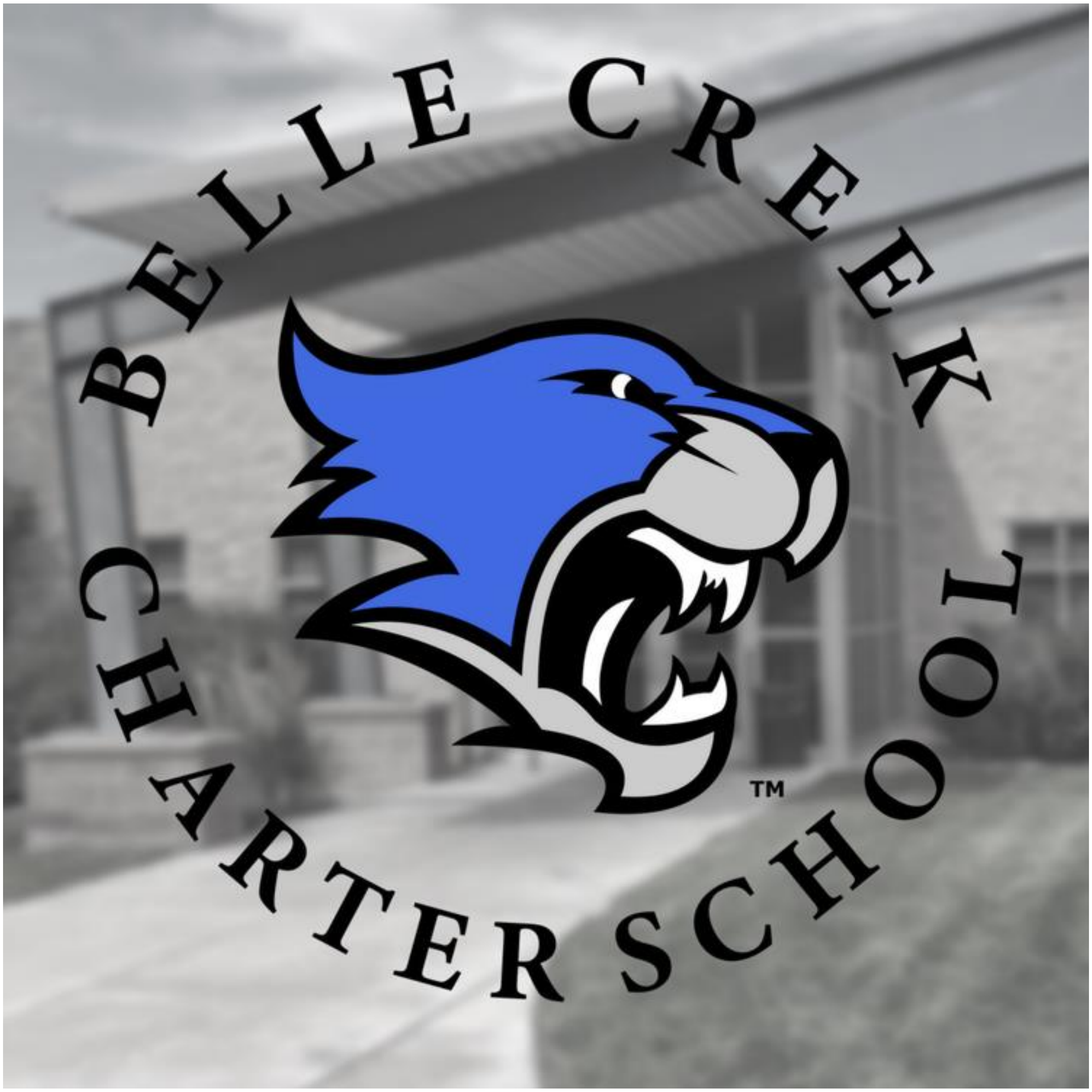


Belle Creek Charter School

9290 E 107th Ave

Henderson, CO 80640

Mrs. Jacolyn Fields, Executive Director

Board of Directors

- Melissa Rossback, President email: mrossback@bellecreekcs.org
- Brooke Litton, Vice-President email: blitton@bellecreekcs.org
- Emily Gunther, Board Member email: egunther@bellecreekcs.org
- Marc Brooks, Board Member email: mbrooks@bellecreekcs.org
- Bobby Noel, Board Member email: bnoel@bellecreekcs.org

Board Meeting Dates - The regular Belle Creek Charter board meetings will be held bi-monthly on the third Wednesday of each month from 8:45am – 10:15am unless otherwise posted. Meetings will be held in the Resource Room (Rm 215) at BCCS.

- July 17th, 2019
- Sept 18th, 2019
- Nov. 20th, 2019
- Jan. 15th, 2020
- Mar 18th, 2020
- May 20th, 2020
- July 15th, 2020

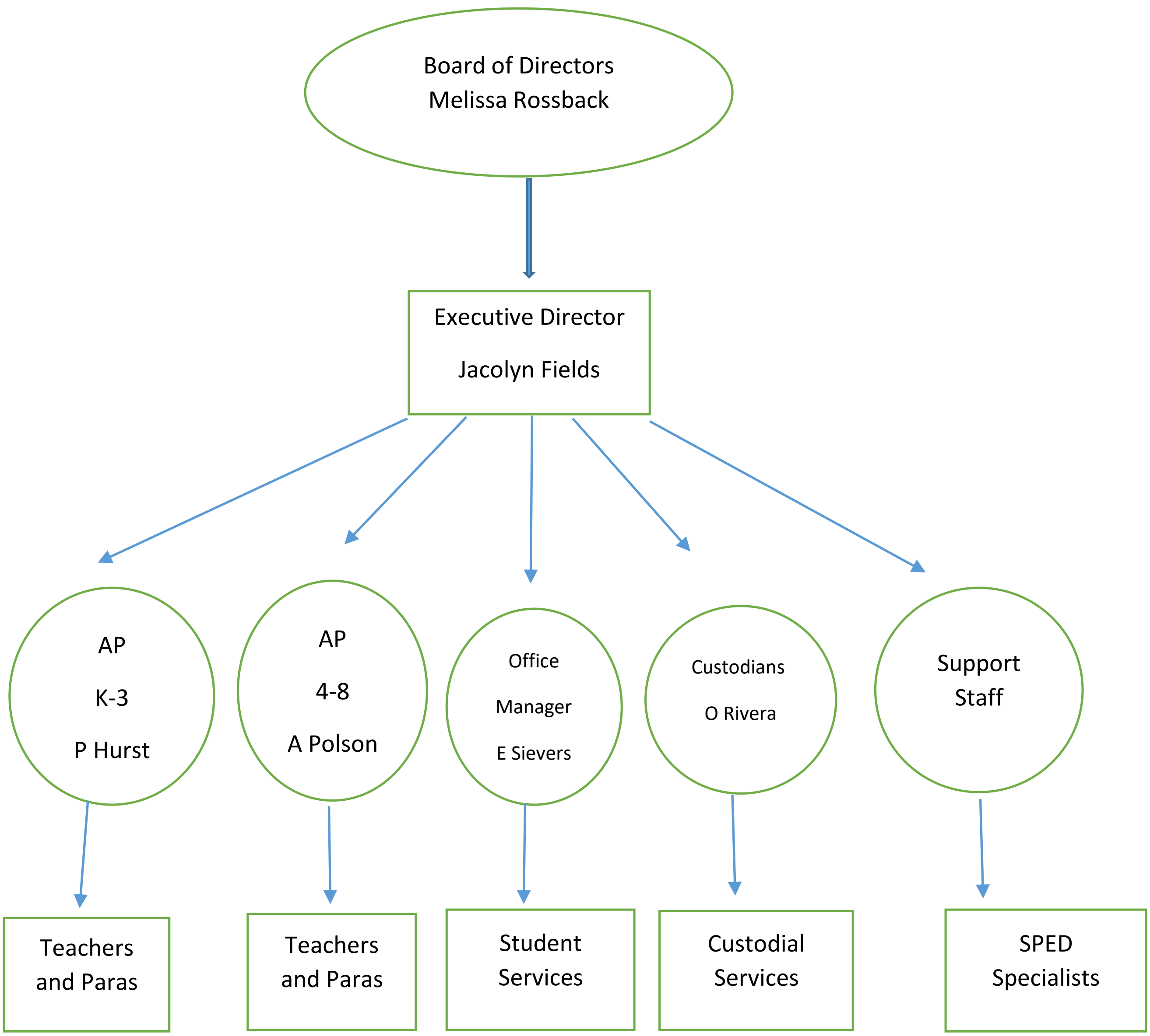
Enrollment 2018-2019

	October	Current	Projected	Waitlisted	Offered Seats
K (Half Day)	0	0	0	0	0
K (Full Day)	83	82	82	0	84
1st Grade	84	81	73	0	84
2nd Grade	73	84	78	0	84
3rd Grade	82	69	80	0	84
4th Grade	83	83	69	4	84
5th Grade	72	78	70	1	84
6th Grade	77	78	75	0	84
7th Grade	67	70	73	2	84
8th Grade	64	65	53	1	82
Total	685	690	653	8	754

Discipline

2017 suspensions	29
2017 expulsions	0
2018 suspensions	30
2018 expulsions	0

Belle Creek Charter School Hierarchy Chart – 2018/2019 School Year



Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Financial Statements

June 30, 2018

HINKLE & COMPANY PC

Strategic Business Advisors

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)
Table of Contents
June 30, 2018

HINKLE &
COMPANY
PC
Strategic
Business Advisors

Independent Auditors' Report

Board of Directors
Belle Creek Charter School
Henderson, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belle Creek Charter School, 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 basic financial statements of the Belle Creek Charter School, as listed in the table of contents.

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

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

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

50 S. Willow Dr., Ste. 302
eenwood Village,
lorado 80111
L: 303.796.1000
X: 303.796.1001
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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belle Creek Charter School as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 9 to the financial statements, in the year ended June 30, 2018, the Belle Creek Charter School adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Belle Creek Charter School's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hinkle & Company, PC

Greenwood Village, Colorado
September 28, 2018

Belle Creek Charter School
Management's Discussion and Analysis

Introduction

As management of the Belle Creek Charter School (the "School"), we offer readers of the School financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018.

Financial Highlights

Fiscal year ending June 30, 2018 is the third year reporting net pension liability and deferred inflows and outflows following Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* As such, the School included the Net Pension Liability per GASB Statement No. 68 in the amount of $16,587,155 for FY18 and $15,039,110 for FY17 as a noncurrent liability on the Statement of Net Position. The School also participates in a Postemployment Healthcare Benefit Plan and as a result of GASB statement No. 75 has recorded a Net OPEB Liability as of June 30, 2018 of $378,781. For FY 2018 and FY 2017, the liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows by $681,519 and $517,827 (net position), respectively. For FY18 and FY17, the liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows by $10,899,077 and $8,447,136 (net position), respectively.

At the close of the FY18 the School's governmental fund reported an ending fund balance of $1,967,316, an increase of $159,966. The operations of the School are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was $4,635,250. The School also received $16,353 in Mill Levy Override revenue.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School'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.

Government-wide Financial Statements

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

The statement of net position presents information on all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

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

The government-wide financial statements can be found on pages 3-4 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 the School's near-term financing requirements.

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

The School maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund because it is considered to be a major fund.

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

Proprietary Fund. The Belle Creek Education Center is considered a component unit of the charter school, has one fund, an enterprise fund and is presented with a statement of net position, changes in net position and a statement of cash flows.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs. The School maintains a student activity agency 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 12-35.

Government-wide Financial Analysis
The liabilities and deferred inflows of resources exceeded the School's assets and deferred outflows of resources by $10,889,076 at the close of the most recent fiscal year. The negative balance is due primarily to the adoption of GASB Statement No. 68, resulting in a net pension liability of $16,587,155 and a net OPEB Liability of $378,781, representing its proportionate share of the plan's net pension liability.

School's Net Position
Governmental and Business-Type Activities

	June 30, 2018	June 30, 2017
Cash and Investments	$2,188,687	$2,133,934
Restricted Cash and Investments	861,609	852,175
Accounts Receivable & Prepaid Expenses	120,937	156,123
Capital Assets	4,829,195	5,016,912
Total Assets	8,000,428	8,159,144
Deferred Outflows of Resources		
Pensions, Net of Accumulated Amortization	4,958,189	5,821,966
OPEB, Net of Accumulated Amortization	26,276	0
Loss on Debt Refunding, Net of Accumulated Amortization	870,406	932,576
Total Deferred Outflows of Resources	5,854,871	6,754,542
Current liabilities	451,731	581,355
Debt Service	7,061,267	7,291,354
Net Pension Liability	16,587,155	15,039,110
Net OPEB Liability	378,781	0
Total Liabilities	24,478,934	22,911,819
Deferred Inflows of Resources		
Pensions, Net of Accumulated Amortization	875,302	449,003
OPEB, Net of Accumulated Amortization	6,337	0
Total Deferred Outflows of Resources	881,639	449,003

Net position		
Net Investment in Capital Assets	(1,280,605)	(1,255,015)
Restricted for Debt Service	671,125	666,676
Restricted for Building Repairs	95,813	88,018
Restricted for Special Education	90,000	90,000
Restricted for Emergencies	154,000	146,500
Unrestricted	(11,235,607)	(8,183,315)
Total Net Position	$ (11,505,274)	$ (8,447,136)

As outlined in Note 9 to the financial statements the Academy restated the prior year ending net position. Information presented for the year ended June 30, 2017, has not been restated because comparable information is not available.

A portion of the School's Governmental and Business-Type assets (38.1%) is in cash and investments and (60.4%) are net capital assets. As outlined in Note 6 to the financials the School participates in a Defined Benefit Pension Plan and has recorded a Net Pension Liability as of June 30, 2018 of $16,587,155.

This and the operating income resulted in a negative Net Position of $11,505,274. Of these funds $154,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

School's Change in Net Position
For the Years Ended June 30, 2018 and 2018
Governmental and Business-Type Activities

	June 30, 2018	June 30, 2017
Program Revenue:		
Operating Grants and Contributions	$ 255,186	$ 225,848
Charges for Services	21,217	13,566
Total Program Revenues	276,403	239,414
General Revenue:		
Per Pupil Revenue	4,635,250	4,450,622
Mill Levy Revenue	16,353	21,880
Capital Construction	165,268	172,342
Grants and Contributions Not Restricted	46,437	40,558
Investment Earnings	36,543	20,102
Other	12,123	12,106
Total General Revenues	4,911,974	4,717,610
Total Revenues	5,188,377	4,957,024

Expenses:		
Current:		
Instruction	4,904,036	4,645,015
Supporting Services	2,392,602	2,086,748
Education Center	597,358	606,521
Total Expenses	7,893,996	7,338,284
Increase (Decrease) in Net Position	(2,705,619)	(2,381,260)
Beginning Net Position, June 30	(8,799,655)	(6,065,876)
Ending Net Position, June 30	$(11,505,274)	$(8,447,136)

As outlined in Note 9 to the financial statements the Academy restated the prior year ending net position. Information presented for the year ended June 30, 2017, has not been restated because comparable information is not available.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

The primary factor driving the budget for the Academy is student enrollment. Enrollments for the previous school years are listed below. The enrollment projected for the 2018-2019 school year is expected to be 682. This factor was considered in preparing the School's budget for the 2018-2019 fiscal year.

Fiscal Year	Enrollment
2008 / 2009	681
2009 / 2010	675
2010 / 2011	668
2011 / 2012	699
2012 / 2013	694
2013 / 2014	691
2014 / 2015	699
2015 / 2016	707
2016 / 2017	654
2017 / 2018	661

We had a small dip in enrollment for FY17 as a result of the District opening new schools and students moving to a school that was closer to their home. With current construction in the area we anticipate that we will be back near capacity in a couple of years.

The economic outlook for FY19 is improving with the increase of $468.71 per funded FTE or 6.31% in PPR funding. As of the end of the current fiscal year, the School's general fund reported an ending fund balance of $1,967,315.

Proprietary Fund. Belle Creek Education Center's net position decreased $18,902 to a negative $616,198 from negative $597,296. The decrease is largely attributed to depreciation expense and amortization expense on the loss on refunding of the bonds. We anticipate the deficit will decrease as the debt is repaid in future years.

General Fund Budgetary Highlights

The School approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. The School approved a supplemental budget during the year to true up the beginning fund balance and adjust to the actual student count. The original General Fund Budget was $6,658,264 and it was adjusted to $6,921,608. Total expenditures were less than budgeted expenditures by $1,903,902.

Capital Asset and Debt Administration

Capital Assets. Including the building of the School and other General Fund assets, net capital assets were $5,016,912. Depreciation expense of $187,717 was reported for the building and other Governmental Activities capital assets.

Long-term Lease. The School participates in a long-term lease agreement with the Belle Creek Education Center. Monthly principal and interest payments are due under the lease agreement, with interest accruing at rates ranging from 4% to 5.42%. The lease ends in March 2037. Annual debt service ranges from $567,664 to $572,759 with payments that began in calendar year 2008.

Economic Factors and Next Year's Budget

The School is fortunate to have a solid fund balance to help weather the enrollment fluctuations that the School is experiencing. With the projected enrollment increase the FY19 budget projects the School will have an increase of approximately $175,405 to the general fund ending fund balance.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Belle Creek Charter School, Rick Boos, Chief Financial Officer, 9290 E. 107^{the} Ave., Henderson, Colorado 80640.

Basic Financial Statements

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Asets			
Cash and Investments	$ 2,188,687	$ -	$ 2,188,687
Restricted Cash and Investments	95,813	765,796	861,609
Accounts Receivable	24,605	-	24,605
Grants Receivable	11,396	-	11,396
Prepaid Expenses	3,875	81,061	84,936
Capital Assets, *Net of Accumulated Depreciation*	6,718	4,822,477	4,829,195
Total Assets	2,331,094	5,669,334	8,000,428
Deferred Outflows of Resources			
Pensions, *Net of Accumulated Amortization*	4,958,189	-	4,958,189
OPEB, *Net of Accumulated Amortization*	26,276	-	26,276
Loss on Debt Refunding, *Net of Accumulated Amortization*	-	870,406	870,406
Total Deferred Outflows of Resources	4,984,465	870,406	5,854,871
Liabilities			
Accounts Payable	99,716	-	99,716
Accrued Liabilities	66,672	-	66,672
Accrued Salaries and Benefits	190,672	-	190,672
Accrued Interest Payable		94,671	94,671
Noncurrent Liabilities			
Due Within One Year	-	245,000	245,000
Due in More Than One Year	-	6,816,267	6,816,267
Net Pension Liability	16,587,155	-	16,587,155
Net OPEB Liability	378,781	-	378,781
Total Liabilities	17,322,996	7,155,938	24,478,934
Deferred Inflows of Resources			
Pensions, *Net of Accumulated Amortization*	875,302	-	875,302
OPEB, Net of Accumulated Amortization	6,337	-	6,337
Total Deferred Inflows of Resources	881,639	-	881,639
Net Position			
Net Investment in Capital Assets	6,718	(1,287,323)	(1,280,605)
Restricted for:			
Debt Service	-	671,125	671,125
Building Repairs	95,813	-	95,813
Special Education	90,000	-	90,000
Emergencies	154,000	-	154,000
Unrestricted	(11,235,607)	-	(11,235,607)
Total Net Position	$ (10,889,076)	$ (616,198)	$ (11,505,274)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statement of Activities

For the Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instruction	$ 4,904,036	$ 12,392	$ 244,701	$ (4,646,943)	$ -	$ (4,646,943)
Supporting Services	2,392,602	8,825	10,485	(2,373,292)	-	(2,373,292)
Total Governmental Activities	7,296,638	21,217	255,186	(7,020,235)	-	(7,020,235)
Business-Type Activities						
Education Center	597,358	-	-	-	(597,358)	(597,358)
Total Primary Government	$ 7,893,996	$ 21,217	$ 255,186	(7,020,235)	(597,358)	(7,617,593)
General Revenues						
Per Pupil Revenue				4,635,250	-	4,635,250
Additional At-Risk Funding				3,651	-	3,651
District Mill Levy				16,353	-	16,353
Capital Construction				165,268	-	165,268
Grants and Contributions Not Restricted to Specific Programs				46,437	-	46,437
Investment Income				25,838	10,705	36,543
Other				8,472	-	8,472
Transfers				(567,751)	567,751	-
Total General Revenues and Transfers				4,333,518	578,456	4,911,974
Change in Net Position				(2,686,717)	(18,902)	(2,705,619)
Net Position, *Beginning of year*				(8,202,359)	(597,296)	(8,799,655)
Net Position, *End of year*				$ (10,889,076)	$ (616,198)	$ (11,505,274)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Balance Sheet

Governmental Fund

June 30, 2018

		General
Assets		
Cash and Investments	$	2,188,687
Restricted Cash and Investments		95,813
Accounts Receivable		24,605
Grants Receivable		11,396
Prepaid Expenditures		3,875
Total Assets	$	2,324,376
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$	99,716
Accrued Liabilities		66,672
Accrued Salaries and Benefits		190,672
Total Liabilities		357,060
Fund Balance		
No spendable Prepaid Expenditures		3,875
Restricted for:		
Building Repairs		95,813
Special Education		90,000
Emergencies		154,000
Unrestricted, Unassigned		1,623,628
Total Fund Balance		1,967,316
Total Liabilities and Fund Balance	$	2,324,376

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

Total Fund Balance of the Governmental Fund		$	1,967,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.			6,718
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:			
Net pension liability	(16,587,155)		Pension-related deferred
outflows of resources	4,958,189		
Pension-related deferred inflows of resources			(875,302)
Net OPEB liability			(378,781)
OPEB-related deferred outflows of resources			26,276
OPEB-related deferred inflows of resources			(6,337)
Total Net Position of Governmental Activities		$	(10,889,076)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J) Statement of
Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018

	General
Revenues	
Local Sources	$ 4,753,567
State Sources	349,426
Federal Sources	74,679
Total Revenues	5,177,672
Expenditures	
Instruction	3,023,094
Supporting Services	1,994,612
Total Expenditures	5,017,706
Net Change in Fund Balance	159,966
Fund Balance, *Beginning of year*	1,807,350
Fund Balance, *End of year*	$ 1,967,316

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

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

Net Change in Fund Balance of the Governmental Fund	$ 159,966
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(2,239)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:	
Net pension liability	(1,548,045)
Pension-related deferred outflows of resources	(863,777)
Pension-related deferred inflows of resources	(426,299)
Net OPEB liability	(14,060)
OPEB-related deferred outflows of resources	14,074
OPEB-related deferred inflows of resources	(6,337)
Change in Net Position of Governmental Activities	$ (2,686,717)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statement of Net Position

Proprietary Fund June 30,

2018

		Education Center
Assets		
Current Assets		
Restricted Cash and Investments	$	765,796
Prepaid Expenses		81,061
Total Current Assets		846,857
Noncurrent Assets		
Capital Assets, *Net of Accumulated Depreciation*		4,822,477
Total Assets		5,669,334
Deferred Outflows of Resources		
Loss on Debt Refunding, *Net of Accumulated Amortization*		870,406
Liabilities		
Current Liabilities		
Accrued Interest Payable		94,671
Loan Payable, *Current Portion*		245,000
Total Current Liabilities		339,671
Noncurrent Liabilities		
Loan Payable		6,816,267
Total Liabilities		7,155,938
Net Position		
Net Investment in Capital Assets		(1,287,323)
Restricted for Debt Service		671,125
Total Net Position	$	(616,198)

Belle Creek Charter School

(A Component Unit of Brighton School District 27J) Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund

For the Year Ended June 30, 2018

		Education Center
Operating Revenues		
Lease Revenue	$	567,751
Total Operating Revenues		567,751
Operating Expenses		
Purchased Services		13,387
Depreciation		185,478
Debt Service		
Interest		398,493
Total Operating Expenses		597,358
Net Operating Loss		(29,607)
Nonoperation Revenues		
Investment Income		10,705
Change in Net Position		(18,902)
Net Position, *Beginning of year*		(597,296)
Net Position, *End of year*	$	(616,198)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statement of Cash Flows

For the Year Ended June 30, 2018

		Education Center
Cash Flows from Operating Activities		
Lease Payments Received	$	567,751
Cash Paid to Suppliers		(13,389)
Loan Interest Paid		(334,220)
Loan Principal Paid		(235,000)
Net Cash Used in Operating Activities		(14,858)
Cash Flows from Investing Activities		
Investment Income Received		10,705
Net Change in Cash and Cash Equivalents		(4,153)
Cash and Cash Equivalents, *Beginning of year*		764,157
Cash and Cash Equivalents, *End of year*	$	760,004
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Net Operating Loss	$	(29,607)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense		185,478
Amortization of Discount		4,913
Amortization of Loss on Debt Refunding		62,170
Changes in Assets and Liabilities		
Prepaid Expenses		5,790
Accrued Interest Payable		(2,810)
Loan Payable		(235,000)
Net Cash Used in Operating Activities	$	(9,066)

See Notes to Financial Statements.

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2018

	Student Activity
Assets	
Cash and Investments	$ 41,248
Liabilities	
Due to Student Groups	$ 41,248

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Belle Creek Charter School (the School) was organized in 2003 pursuant to the Colorado Charter Schools Act to form and operate a charter school within Brighton School District 27J (the District) in the State of Colorado.

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

Reporting Entity

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

The School includes the Belle Creek Education Center (the Education Center) within its reporting entity. The Education Center was formed to support and assist the School to perform its function or to carry out its purpose, specifically to assist in the financing and construction of the School's facilities. The Education Center is blended into the School's financial statements as an enterprise fund, and does not issue separate financial statements.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all no fiduciary activities of the School. For the most part, the effect of interfold activity has been removed from these statements. Exceptions to this general rule are charges for interfold services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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

Separate financial statements are provided for the governmental fund, proprietary fund and the fiduciary fund, even though the latter is excluded from the School's government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including expenditures related to compensated absences, are recorded only when payment is due.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The School reports the following major funds:

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

Education Center - This fund is used to account for the financial activities of the Education Center, primarily related to capital assets and the related debt service.

In addition, the School reports the following fund type:

Agency Fund - This fund accounts for resources collected to support student activities. The School holds all resources in a purely custodial capacity.

Assets, Liabilities and Net Position/Fund Balance

Cash Equivalents - Cash equivalents include investments with original maturities of three months or less.

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

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

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

Building and Improvements	40 years
Vehicles and Equipment	5 - 10 years

Note 1: Summary of Significant Accounting Policies (Continued)

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

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Compensated Absences - Employees of the School are allowed to accumulate unused vacation time and paid time off (PTO) up to a maximum of 60 hours. Upon termination of employment from the School, an employee will be compensated for the accrued vacation time and PTO at the rate of $10 per hour. A liability for compensated absences is not reported in the financial statements because the amount is insignificant.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

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

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Risk Management

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

The School, in conjunction with Eagle Ridge Academy and Bromley East Charter School, has established a self-insurance plan for employee health benefits. The School's premiums are determined at the beginning of each plan year and are deposited into a claims account throughout the year. The School is not responsible for claims in excess of the premiums. The claims account is reported as cash with an offsetting liability in the General Fund. The plan's fiscal year ends each July 31, and included individual stop loss insurance of $65,000 and aggregate stop loss insurance of $1,000,000 for the fiscal year ending July 31, 2018.

Note 2: Stewardship, Compliance and Accountability

Accountability

At June 30, 2018, the Education Center had a negative net position of $616,198. Management expects this negative balance to be eliminated as the Corporation's debt is paid.

Note 3: Deposits and Investments

A summary of cash and investments at June 30, 2018, follows:

Cash on Hand	$ 500
Deposits	574,767
Investments	2,516,277
Total	$ 3,091,544

Note 3: Deposits and Investments (Continued)

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

Cash and Investments	$	2,188,687
Restricted Cash and Investments		861,609
Agency Fund Cash and Investments		41,248
Total	$	3,091,544

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2018, the School had bank deposits of $461,985 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

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

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

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

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

Note 3: Deposits and Investments (Continued)

Investments *(Continued)*

Concentration of Credit Risk - State statutes do not limit the amount the School may invest in a single issuer, except for corporate securities.

Local Government Investment Pools - At June 30, 2018, the School and the Education Center had $2,464,563 and $51,714, invested in the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colorist), respectively, investment vehicles established for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are measured at the net asset value per share, with each share valued at $1. The Pools are rated Agama by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2018, the School held restricted cash and investments of $95,813 for building repairs, as required by the building lease agreement. In addition, cash and investments of $765,796 are restricted by the Education Center for future debt service.

Note 4: Capital Assets

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

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
Capital Assets, *Being Depreciated*				
Vehicles and Equipment	$ 123,871	$ -	$ -	$ 123,871
Less Accumulated Depreciation				
Vehicles and Equipment	(114,914)	(2,239)	-	(117,153)
Governmental Activities Capital Assets, *net*	$ 8,957	$ (2,239)	$ -	$ 6,718
Business-Type Activities				
Capital Assets, *Being Depreciated*				
Building and Improvements	7,419,195	-	-	7,419,195
Less Accumulated Depreciation				
Building and Improvements	(2,411,240)	(185,478)	-	(2,596,718)
Business-Type Activities Capital Assets, *net*	$ 5,007,955	$ (185,478)	$ -	$ 4,822,477

Note 4: Capital Assets (Continued)

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

Note 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2018:

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Due Within One Year
Business-Type Activities					
2007 Building Loan	$ 7,365,000	$ -	$ (235,000)	$ 7,130,000	$ 245,000
Discount	(73,646)	-	4,913	(68,733)	-
Total	$ 7,291,354	$ -	$ (230,087)	$ 7,061,267	$ 245,000

On June 14, 2007, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $9,200,000 Charter School Revenue Refunding Bonds, Series 2007A, and $100,000 Taxable Charter School Revenue Bonds, Series 2007B, to advance refund CECFA's outstanding Series 2002 Bonds. Proceeds of the Series 2002 Bonds were loaned to the Education Center under a lease agreement to construct the School's building. The School is obligated under a lease agreement to make monthly lease payments to the Education Center for use of the building. The Education Center is required to make equal lease payments to the Trustee, for payment of the Series 2007 Bonds. Monthly principal and interest payments are due under the agreements, with interest accruing at rates ranging from 4.0% to 5.42%. The bonds mature in March 2037.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 245,000	$ 324,586	$ 569,586
2020	255,000	314,296	569,296
2021	265,000	303,459	568,459
2022	280,000	291,534	571,534
2023	290,000	278,934	568,934
2024 - 2028	1,675,000	1,185,419	2,860,419
2029 - 2033	2,080,000	768,099	2,848,099
2034 - 2037	2,040,000	194,019	2,234,019
Total	$ 7,130,000	$ 3,660,346	$ 10,790,346

Note 6: Defined Benefit Pension Plan

General Information

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

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

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

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

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

Note 6: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Contributions - The School and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees is 8% of covered salaries. The School's contribution rate for calendar years 2018 and 2017 was 20.15% and 19.65% of covered salaries, respectively. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). The School's contributions to the SDFT for the year ended June 30, 2018, were $470,088, equal to the required contributions.

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

At June 30, 2018, the School reported a net pension liability of $16,587,155, representing its proportionate share of the net pension liability of the SDTF. The net pension liability was measured at 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.

The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0512955400%, which was an increase of 0.0007844324% from its proportion measured at December 31, 2016.

During the 2018 legislative session, the State Legislature passed Senate Bill (SB) 18-200 with the goal of eliminating the unfunded pension liability of the SDTF within the next 30 years. The significant provisions of the legislation include increased age and service requirements to receive full retirement benefits, highest average salary calculated over five years rather than three years, changes to includable employee salaries, increased contributions from employees and employers, and an annual direct distribution from the State of Colorado. The School's estimated net pension liability at June 30, 2018, had the provisions of SB 18-200 been effective was $7,493,933.

For the year ended June 30, 2018, the School recognized pension expense of $3,369,211. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 6: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 304,967	$ -
Changes of assumptions and other inputs	4,235,316	26,877
Net difference between projected and actual earnings on plan investments	-	651,393
Changes in proportion	165,064	197,032
Contributions subsequent to the measurement date	252,842	-
Total	$ 4,958,189	$ 875,302

School contributions subsequent to the measurement date of $224,842 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	$ 2,531,249
2020	1,502,161
2021	416,931
2022	(245,056)
Total	$ 4,205,285

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total pension liability using the following actuarial assumptions and other inputs.

Note 6: Defined Benefit Pension Plan (Continued)

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

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 9.7%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate (1)	5.26%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	2.0%
Hired after 12/31/2006	ad hoc

[1]The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 4.78%.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

On November 18, 2016, PERA's governing board adopted revised economic and demographic assumptions based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, which were effective on December 31, 2016. The significant changes affecting the plan included decreasing the investment rate of return assumption from 7.5% per year, compounded annually, net of investment expenses, to 7.25%, and updating mortality assumptions based on RP-2014 mortality tables.

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

Note 6: Defined Benefit Pension Plan (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 4.78%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates specified in State statutes, which currently require annual increases, to a total of 20.15% of covered salaries for the year ended December 31, 2018. When the actuarially determined funding ratio reaches 103%, the employer contribution rate will decrease 0.5% each year, to a minimum of 10.15%.

Based on the assumptions described previously, the SDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate, defined as the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index, was used in the determination of the discount rate. The long-term expected rate of return of 7.25% on plan investments was applied to all periods through 2041, and the municipal bond index rate was applied to periods after 2041 to develop the discount rate. On the measurement date of December 31, 2017, the municipal bond index rate was 3.43%, resulting in a discount rate of 4.78%. The discount rate at the prior measurement date was 5.26%.

Note 6: Defined Benefit Pension Plan (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 4.78%, as well as the School's proportionate share of the net pension liability 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, as follows:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	$ 20,952,397	$ 16,587,155	$ 13,029,980

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

Note 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

Note 7: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

Contributions - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (See Note 6) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2018, was $24,099, equal to the required amount.

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

At June 30, 2018, the School reported a net OPEB liability of $378,781, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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 OPEB liability to December 31, 2017.

The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2017, relative to the contributions of all participating employers. At December 31, 2017, the School's proportion was 0.0291459340%, which was an increase of 0.0010154469% from its proportion measured at December 31, 2016.

Note 7: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2018, the School recognized OPEB expense of $31,736. At June 30, 2018, the School 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
Differences between expected and actual experience	$ 1,791	$ -
Net difference between projected and actual earnings on plan investments	-	6,337
Changes in proportion	11,004	-
Contributions subsequent to the measurement date	13,481	-
Total	$ 26,276	$ 6,337

School contributions subsequent to the measurement date of $13,481 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2019	$ 930
2020	930
2021	930
2022	930
2023	2,514
2024	224
Total	$ 6,458

Actuarial Assumptions - The actuarial valuation as of December 31, 2016, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Note 7: Postemployment Healthcare Benefits (Continued)

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

Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3% for 2017, gradually rising to 4.25% in 2023	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates. Healthy, post-retirement mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

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, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

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

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 6.

Note 7: Postemployment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 425,868	$ 378,781	$ 338,590

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the School's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the School's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 368,359	$ 378,781	$ 391,333

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

Note 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2018, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Special Education

The School is required by its charter contract with the District to establish a special education reserve equal to $2,000 per special education pupil enrolled at the School. At June 30, 2018, this reserve, in the amount of $90,000, was reported as restricted fund balance in the General Fund.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the School believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the School has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $154,000.

Note 9: Change in Accounting Principle

For the year ended June 30, 2018, the School adopted the standards of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position of the governmental activities at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2017, were not available and have not been reported in the financial statements.

Note 9: Change in Accounting Principle (Continued)

	Governmental Activities
Net Position, June 30, 2017, *as Originally Stated*	$ (7,849,840)
Deferred Outflows of Resources	12,202
Net OPEB Liability	(364,721)
Net Position, June 30, 2017, *as Restated*	$ (8,202,359)

Required Supplementary Information

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Public Employees' Retirement Association of Colorado School Division Trust Fund

June 30, 2018

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
School's Proportion of the Net Pension Liability	0.0512955400%	0.0505111076%	0.0528617935%	0.0547387321%	0.0550435906%
School's Proportionate Share of the Net Pension Liability	$ 16,587,155	$ 15,039,110	$ 8,084,838	$ 7,418,937	$ 7,020,795
School's Covered Payroll	$ 2,366,203	$ 2,221,182	$ 2,303,706	$ 2,292,554	$ 2,216,173
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	701%	677%	351%	324%	317%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
School Contributions					
Statutorily Required Contribution	$ 445,989	$ 433,864	$ 416,031	$ 388,436	$ 362,406
Contributions in Relation to the Statutorily Required Contribution	(445,989)	(433,864)	(416,031)	(388,436)	(362,406)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 2,362,668	$ 2,360,708	$ 2,346,582	$ 2,300,460	$ 2,267,473
Contributions as a Percentage of Covered Payroll	18.88%	18.38%	17.73%	16.89%	15.98%

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

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Contributions

Public Employees' Retirement Association of Colorado Health Care Trust Fund

June 30, 2018

	12/31/17
Proportionate Share of the Net OPEB Liability	
School's Proportion of the Net OPEB Liability	0.0291459340%
School's Proportionate Share of the Net OPEB Liability	$ 378,781
School's Covered-Employee Payroll	$ 2,516,410
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered-Employee Payroll	15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18%

	6/30/18
School Contributions	

Belle Creek Charter School

(A Component Unit of Brighton School District 27J)

Statutorily Required Contribution	$	24,099
Contributions in Relation to the Statutorily Required Contribution		(24,099)
Contribution Deficiency (Excess)	$	-
School's Covered-Employee Payroll	$	2,512,431
Contributions as a Percentage of Covered-Employee Payroll		0.96%

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

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
Per Pupil Revenue	$ 4,548,434	$ 4,629,715	$ 4,635,250	$ 5,535
District Mill Levy	21,500	21,500	16,353	(5,147)
Student Fees	12,900	11,500	12,392	892
Contributions	2,346	1,000	46,437	45,437
Investment Income	13,500	20,300	25,838	5,538
Other	4,072	17,440	17,297	(143)
Total Local Sources	4,602,752	4,701,455	4,753,567	52,112
State Sources				
Additional At-Risk Funding	-	-	3,651	3,651
Capital Construction	168,177	159,221	165,268	6,047
Grants	145,871	182,806	180,507	(2,299)

Total State Sources	314,048	342,027	349,426	7,399
Federal Sources				
Grants	64,054	70,776	74,679	3,903
Total Revenues	4,980,854	5,114,258	5,177,672	63,414
Expenditures				
Salaries	2,580,733	2,543,937	2,490,082	53,855
Employee Benefits	1,089,641	1,081,785	1,059,067	22,718
Purchased Professional Services	237,722	247,343	224,501	22,842
Purchased Property Services	332,980	306,530	228,761	77,769
Other Purchased Services	215,248	254,367	309,232	(54,865)
Supplies	89,132	115,528	108,677	6,851
Property	587,200	590,700	585,393	5,307
Other	14,750	15,260	11,993	3,267
Contingency	1,510,858	1,766,158	-	1,766,158
Total Expenditures	6,658,264	6,921,608	5,017,706	1,903,902
Net Change in Fund Balance	(1,677,410)	(1,807,350)	159,966	1,967,316
Fund Balance, *Beginning of year*	1,677,410	1,807,350	1,807,350	-
Fund Balance, *End of year*	$ -	$ -	$ 1,967,316	$ 1,967,316

See the accompanying Independent Auditors' Report.

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

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

Changes in Assumptions and Other Inputs

For the year ended June 30, 2018, the total pension liability was determined by an actuarial valuation as of December 31, 2016. The following revised economic and demographic assumptions were effective as of December 31, 2016.

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

Note 2: Stewardship, Compliance and Accountability

Budgetary Accounting

The School is required by State statutes to adopt a budget on a basis consistent with generally accepted accounting principles. A budget is not required for the Agency Fund and is, therefore, not presented in the financial statements. The Education Center is not required to adopt a budget.

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

- By June 30, management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All budgets lapse at the fiscal year end.

Supplementary Information

Statement of Changes in Assets and Liabilities
Student Activity Fund
For the Year Ended June 30, 2018

Assets	6/30/17	Additions	Deductions	6/30/18
Cash and Investments	$ 33,925	$ 84,565	$ (77,242)	$ 41,248
Liabilities				
Due to Student Groups	$ 33,925	$ 84,565	$ (77,242)	$ 41,248