

UNION COLONY SCHOOLS
Greeley, Colorado

FINANCIAL STATEMENTS
June 30, 2016

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS’ REPORT	i
MANAGEMENT’S DISCUSSION AND ANALYSIS	iii
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	4
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position.....	8
Notes to Basic Financial Statements	9
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund.....	27
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Union Colony Preparatory Building Corporation	28
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Union Colony Elementary Building Corporation.....	29
Schedule of the School’s Proportionate Share of the Net Pension Liability	30
Schedule of Contributions and Related Ratios	31
Notes to Required Supplementary Information	32
 SUPPLEMENTARY INFORMATION	
Balance Sheet – General Fund by Location	33
Statement of Revenue, Expenditures and Changes in Fund Balance – General Fund by Location	34



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

Board of Directors
Union Colony Schools
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Colony Schools (the School), a component unit of Weld County School District 6, as of and for the year ended June 30, 2016, 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. 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2016, 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 Matter

As discussed in Note 7, Union Colony Elementary School and Union Colony Preparatory School combined under a single charter during the year ended June 30, 2016. 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 on pages iii - vii, the budgetary comparison information on pages 27 - 29, and the pension schedules on pages 30 - 31 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The balance sheet by location and schedule of revenues, expenditures, and changes in fund balances by location is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 such 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.



CliftonLarsonAllen LLP

Broomfield, Colorado
September 30, 2016

Management's Discussion and Analysis

As management of Union Colony Schools, an authorized charter school of Weld County School District 6, we offer readers of the Union Colony Schools financial statements this narrative overview and analysis of the financial activities of Union Colony Schools for the fiscal year ended June 30, 2016.

Financial Highlights

Key to the financial condition of the organization is the strength of the balance sheet disclosing amounts for assets, liabilities and net position.

At the close of the fiscal year, Union Colony Schools (the School) experienced an increase of \$89,985 in net position due excess revenues over expenditures.

Total unrestricted cash and investments was \$2,201,303 at June 30, 2016, as compared to \$1,343,267 at June 30, 2015.

During FY16, Union Colony Elementary School and Union Colony Preparatory School were combined under a single charter. Audited financial statements in FY16 are combined for both schools rather than two separate sets of financial statements.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular the Union Colony Schools Board of directors and for the general public. The report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Required Supplementary Information. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements, which provide additional and more detailed information. Included as Required Supplementary Information is budget-to-actual information related to the School's General Fund, Union Colony Elementary Building Corporation and Union Colony Preparatory Building Corporation, blended component units, and pension schedules as required under GASB Statement No. 68, further discussed in Note 8.

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 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 the School is improving or deteriorating.

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

The government-wide financial statements can be found on pages 1 – 2 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, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports five funds: the general fund, two special revenue funds (Union Colony Elementary Building Corporation and Union Colony Preparatory Building Corporation), which are governmental funds, and two 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.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the School. Fiduciary funds are not reflected in the government-wide financial statements because these sources of funds are not available to support the School's direct educational programs. The accounting method used for fiduciary funds is much like that used for the government-wide financial statements.

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

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

The basic governmental fund financial statements can be found on pages 3 – 8 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9 – 26.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Table A-1
Condensed Statement of Net Position

	<u>FY16</u>	<u>FY15</u>
Assets:		
Current Assets	\$ 3,204,457	\$ 2,348,282
Noncurrent Assets	<u>10,110,036</u>	<u>10,364,095</u>
Total assets	13,314,493	12,712,377
Deferred outflows of resources:	<u>1,741,705</u>	<u>466,634</u>
Liabilities:		
Current Liabilities	506,540	406,881
Noncurrent Liabilities	11,330,568	11,539,817
Net pension liability	<u>10,779,664</u>	<u>8,991,868</u>
Total liabilities	22,616,772	20,938,566
Deferred inflows of resources:	<u>226,014</u>	<u>117,018</u>
Net position:		
Net investment in capital assets	(1,425,532)	(1,290,722)
Restricted	1,122,380	950,397
Unrestricted	<u>(7,483,436)</u>	<u>(7,536,248)</u>
Total net position	<u>\$ (7,786,588)</u>	<u>\$ (7,876,573)</u>

Current assets increased based on revenues exceeding expenditures. The net pension liability and associated deferred outflows of resources and inflows of resources fluctuates based on the financial position of the Public Employee's Retirement Association of Colorado (PERA). The School is required to report their proportionate share of PERA's unfunded pension liability. \$1,122,380 of net position is restricted to comply with the TABOR amendment and requirements of bond agreements.

Table A-2
Condensed Statement of Revenues, Expenses,
and Changes in Net Position

	<u>FY16</u>	<u>FY15</u>
Program revenues:		
Operating grants	\$ 637,359	\$ 598,902
Capital grants	231,737	152,008
General revenues:		
Per pupil funding	6,448,901	6,117,146
Interest income	4,032	2,529
Other revenue	30,247	6,177
Total revenues	<u>7,352,276</u>	<u>6,876,762</u>
Expenses:		
Instruction	5,390,096	4,751,730
Support services	1,343,103	1,384,846
Interest on long-term debt	529,092	867,634
Total expenses	<u>7,262,291</u>	<u>7,004,210</u>
Change in net position	89,985	(127,448)
Net position - beginning	(7,876,573)	(7,749,125)
Net position - ending	<u>\$ (7,786,588)</u>	<u>\$ (7,876,573)</u>

Capital grant funding increased due to increased distributions from the District relating to excise taxes. Per pupil funding increased due to an increase in the amount of revenue per student provided by the District. Instruction expenses increased based on increases in pay for teachers and staff. Support services were greater in FY15 from expenses relating to the issuance of refunding bonds. Interest on long-term debt decreased in FY16 due to the bond refunding that occurred in FY15.

General Fund

The general fund is used to capture all operating activities of the School. As of the end of the current fiscal year, the School's general fund reported an ending fund balance of \$1,995,330, an increase of \$698,506. Union Colony was able to increase its ending fund balance due to close cost control and increased funding from the State through capital construction monies and per pupil revenue.

General Fund Budgetary Highlights

Fiscal year 2016 Per Pupil Revenue (PPR) is slightly higher than budgeted due to a higher pupil count than projected. Interest income and other revenue were higher for the fiscal year 2016 year as there was an increase in the capital construction funding received and excess interest paid after the bond refunding was received.

Expenditures for the year were \$206,602 lower than budgeted. This was mainly due to close cost control, expenses incurred in the prior year due to the bond refunding and a decrease in worker's compensation insurance, utilities, student activities, and technology supplies.

Capital Asset and Debt Administration

Capital Assets: The School's investment in capital assets as of June 30, 2016, amounts to \$10,110,036. This investment in capital assets includes land, buildings and building improvements. Additional information on the School's capital assets can be found in Note 3 on page 15 of this report.

Long-term debt: The Building Corporations carry total bonded debt outstanding of \$11,440,000. Additional information on long-term debt and the related facility leases can be found in Notes 4 and 5 on pages 16 – 18 of this report.

Economic Factors and Next Year's Budgets

State funding is again expected to increase for the 2017 school year. The school is anticipating increased enrollment, increased salary and benefit costs and expects increased materials and utility costs. All will impact 2017 fiscal plans and operations. The initial budget projects a surplus for the 2016-2017 fiscal year.

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 Angie Emmons, Finance Manager, Union Colony Schools, 2000 Clubhouse Drive, Greeley, Colorado 80634.

BASIC FINANCIAL STATEMENTS

**UNION COLONY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2016**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,201,303
Restricted cash and investments	960,854
Prepaid items	8,648
Accounts receivable	33,652
Capital assets, not being depreciated	1,054,875
Capital assets, depreciated, net of accumulated depreciation	<u>9,055,161</u>
TOTAL ASSETS	<u>13,314,493</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions subsequent to measurement date	285,753
Change in proportionate share	406,703
Change in experience	142,347
Change in investment earnings	<u>906,902</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,741,705</u>
LIABILITIES	
Accounts payable	28,702
Accrued salaries and benefits	219,571
Accrued interest	53,267
Noncurrent liabilities	
Due within one year	205,000
Due in more than one year	11,330,568
Net pension liability	<u>10,779,664</u>
TOTAL LIABILITIES	<u>22,616,772</u>
DEFERRED INFLOWS OF RESOURCES	
Change in assumptions	152,336
Change in experience	423
Change in proportionate share	<u>73,255</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>226,014</u>
NET POSITION	
Net investment in capital assets	(1,425,532)
Restricted	
Emergencies	214,793
Debt service	786,434
Repair and maintenance	121,153
Unrestricted	<u>(7,483,436)</u>
TOTAL NET POSITION	<u>\$ (7,786,588)</u>

The accompanying notes are an integral part of the financial statements

UNION COLONY SCHOOLS
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>	<u>Union Colony Preparatory Building Corporation</u>	<u>Union Colony Elementary Building Corporation</u>	<u>Total</u>
ASSETS				
Cash	\$ 2,201,303	\$ -	\$ -	\$ 2,201,303
Restricted cash and investments	-	555,937	404,917	960,854
Prepaid items	8,648	-	-	8,648
Accounts receivable	33,652	-	-	33,652
TOTAL ASSETS	<u>\$ 2,243,603</u>	<u>\$ 555,937</u>	<u>\$ 404,917</u>	<u>\$ 3,204,457</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 28,702	\$ -	\$ -	\$ 28,702
Accrued salaries and benefits	219,571	-	-	219,571
TOTAL LIABILITIES	<u>248,273</u>	<u>-</u>	<u>-</u>	<u>248,273</u>
FUND BALANCES				
Nonspendable	8,648	-	-	8,648
Restricted	214,793	555,937	404,917	1,175,647
Unassigned	1,771,889	-	-	1,771,889
TOTAL FUND BALANCES	<u>1,995,330</u>	<u>555,937</u>	<u>404,917</u>	<u>2,956,184</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,243,603</u>	<u>\$ 555,937</u>	<u>\$ 404,917</u>	<u>\$ 3,204,457</u>

The accompanying notes are an integral part of the financial statements

**UNION COLONY SCHOOLS
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds		\$	2,956,184
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets is \$11,614,893 and accumulated depreciation is \$1,504,857.			10,110,036
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Accrued interest	(53,267)		
Bonds payable	(11,440,000)		
Bond premium, net of accumulated amortization	(95,568)		
Net pension liability	<u>(10,779,664)</u>		(22,368,499)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Contributions subsequent to measurement date	285,753		
Change in proportionate share	406,703		
Change in experience	142,347		
Change in investment earnings	<u>906,902</u>		1,741,705
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Change in assumptions	(152,336)		
Change in experience	(423)		
Change in proportionate share	<u>(73,255)</u>		<u>(226,014)</u>
Total net position		\$	<u><u>(7,786,588)</u></u>

The accompanying notes are an integral part of the financial statements

UNION COLONY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General Fund	Union Colony Preparatory Building Corporation	Union Colony Elementary Building Corporation	Total
REVENUES				
Per pupil funding	\$ 6,448,901	\$ -	\$ -	\$ 6,448,901
Rental income	-	348,593	445,939	794,532
Intergovernmental	869,096	-	-	869,096
Other income	30,247	-	-	30,247
Interest income	1,763	1,077	1,192	4,032
TOTAL REVENUES	<u>7,350,007</u>	<u>349,670</u>	<u>447,131</u>	<u>8,146,808</u>
EXPENDITURES				
Current:				
Instruction	4,527,316	-	-	4,527,316
Support services:				
Pupil and instruction	718,299	-	-	718,299
General administration	242,159	-	-	242,159
School administration	50,180	-	-	50,180
Business services	32,401	-	-	32,401
Maintenance and operations	964,966	-	-	964,966
Food services	2,250	-	-	2,250
Transportation	12,797	-	-	12,797
Other supporting services	101,133	54	396	101,583
Debt service:				-
Principal	-	95,000	20,000	115,000
Interest	-	251,375	265,198	516,573
TOTAL EXPENDITURES	<u>6,651,501</u>	<u>346,429</u>	<u>285,594</u>	<u>7,283,524</u>
NET CHANGE IN FUND BALANCE	698,506	3,241	161,537	863,284
FUND BALANCE, Beginning	<u>1,296,824</u>	<u>552,696</u>	<u>243,380</u>	<u>2,092,900</u>
FUND BALANCE, Ending	<u>\$ 1,995,330</u>	<u>\$ 555,937</u>	<u>\$ 404,917</u>	<u>\$ 2,956,184</u>

The accompanying notes are an integral part of the financial statements

**UNION COLONY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

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

Net change in fund balance - governmental fund	\$	863,284
Governmental funds report capital outlays as expenditures. However, in statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$254,059) exceeded capital outlay \$0.		(254,059)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position.		115,000
Interest is paid when due in the governmental funds but recorded when payable in the statement of activities		(16,768)
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		4,249
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:		
Change in contributions subsequent to measurement date		25,903
Pension expense		(1,179,927)
Employer contribution expense		532,303
		(621,721)
Change in net position	\$	89,985

The accompanying notes are an integral part of the financial statements

UNION COLONY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

	Scholarship Trust	Student Activity
Assets		
Cash and investments	\$ 18,687	\$ 102,745
Total assets	18,687	102,745
Liabilities		
Due to student groups	-	102,745
Total liabilities	-	102,745
Net position - restricted for scholarships	\$ 18,687	\$ -

The accompanying notes are an integral part of the financial statements

UNION COLONY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2016

	<u>Scholarship Trust</u>
Additions	
Interest Income	<u>\$ -</u>
Deductions	
Scholarships	<u>-</u>
Change in net position	-
Net position - beginning of year	<u>18,687</u>
Net position - end of year	<u><u>\$ 18,687</u></u>

The accompanying notes are an integral part of the financial statements

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union Colony Schools (the School) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following is a summary of the Schools' significant accounting policies:

Reporting Entity

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.

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools". Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the District Board of Education must approve all charter school applications and budgets.

Union Colony Schools is comprised of two schools, the Preparatory School and the Elementary School. The two schools were combined under a single charter granted by the District in 2015. The Elementary School opened in 2012. The Preparatory School opened in 1997 and operated by purchasing administrative and instructional services through Weld School District 6. The Preparatory School began operations as an incorporated school in 2007. The School has been granted 501(c)(3) status by the Internal Revenue Service.

The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2015), there were 891.5 FTE students enrolled in the School. The PPR rate for the fiscal year ended June 30, 2016, was approximately \$7,233.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The Union Colony Preparatory Building Corporation and the Union Colony Elementary Building Corporation (the Building Corporations) both meet the requirements for blending.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Building Corporations were established for the purpose of owning the school facilities and to accumulate resources from the collection of rents from the School to make payments for the Building Corporations' capital and debt service costs. The Building Corporations do not issue separate financial statements.

The School is a component unit of the District and is included in the District's Comprehensive Annual Financial Report.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a 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 individuals 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. Other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the School's government-wide statements. Major individual funds are reported in 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Measurable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual.

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

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounts of the School are organized on the basis of funds, each of which is considered to be 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 equity, revenues and expenditures, or expenses as appropriate. 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 Government Funds

General Fund: The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue – Union Colony Preparatory Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Union Colony Preparatory Building Corporation.

Special Revenue – Union Colony Elementary Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Union Colony Elementary Building Corporation.

The School reports the following additional fund types:

Fiduciary Funds

Private-Purpose Trust Fund – Scholarship Trust: The scholarship trust fund is used by the School to account for assets held under a trust agreement for individuals, private organizations, or other governments and are not available to support the School's own programs.

Agency Fund – Student Activity Fund: Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School has one agency fund, the student activity fund, which holds assets used by students for specific school activities.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds.

For the year ended June 30, 2016, the Schools adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statement periods beginning after June 15, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The school's investments in money market funds are measured at amortized cost. The school's investment in an external investment pool is measured at net asset value (NAV) which is not subject to the fair value hierarchy.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased by the Building Corporations, which include land, buildings and building improvements, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506).

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 10 to 50 years.

Deferred Outflows of Resources

The School'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. The School has four types of items classified as deferred outflows of resources: 1) contributions subsequent to measurement date; 2) change in proportionate share; 3) change in experience; and 4) change in investment earnings. See Note 8 for additional information.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$219,571.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2016. The School is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Deferred Inflows of Resources

The School'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. The School has three items classified as deferred inflows of resources: 1) change in assumptions; 2) change in experience; and 3) change in proportionate share of the net pension liability. See Note 8 for additional information.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balances in the School's General Fund indicate amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's General Fund balance are described in Note 7. Restrictions on the Building Corporations are described in Note 7.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned fund balances indicate amounts for governmental funds, other than the General Fund, any remaining positive amounts not classified in the above categories. For the General Fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Finance Manager.

Unassigned fund balances indicate amounts in the General Fund that are not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. When both unassigned and committed or assigned resources are available for use, it is the School's policy to use committed, then assigned resources first, then unassigned resources as needed.

NOTE 2 – CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At June 30, 2016, the School's carrying amount of deposits was \$2,322,735 and the bank balance was \$2,335,756. These amounts include fiduciary funds' cash of \$121,432 with bank balances of \$121,867.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Building Corporations

The bonds require the Building Corporations to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly rent payments from the School (Note 5) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

Union Colony Elementary Building Corporation

At June 30, 2016, \$161,152 is held in reserved accounts required by the bond agreements, which is to be used for payment of principal and interest on the bonds. An additional \$243,765 is held in a reserve account required by the bond agreements.

Union Colony Preparatory Building Corporation

At June 30, 2016, \$79,215 is held in reserved accounts required by the bond agreements, which is to be used for payment of principal and interest on the bonds. An additional \$355,569 is held in a reserve account required by the bond agreements.

In addition to the accounts described above, Union Colony Preparatory Building Corporation is required to deposit \$20,000 in a repair and replacement fund annually. These deposits will be required until the fund reaches \$120,000. Withdrawals from the fund are allowed for maintenance and repair of the school facility. \$121,153 was held in this account at year-end.

Credit Risk – The School does not hold investments. The cash and investment reserve accounts owned by the Building Corporation are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by the Building Corporation; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to 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' acceptance of certain banks
- Corporate securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At June 30, 2016, the Building Corporations' investments consisted of money market funds and an investment in an external investment pool, the Colorado Surplus Asset Fund Trust (CSAFE). The money market funds totaled \$355,569, are shown at amortized cost, and do not have a credit rating. There was \$605,285 invested with CSAFE. CSAFE is a trust established by local Colorado government entities in 1988. Purchases and redemption are available daily at a net asset value (NAV) of \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. CSAFE is rated AAAM by Standard and Poor's.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Interest rate risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis. The money market funds held in investments have maturities of less than one year.

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

Cash and investments at June 30, 2016 consisted of the following:

Cash – governmental activities	\$ 2,201,303
Restricted Cash and Investments – governmental activities	960,854
Cash and Investments – fiduciary funds	<u>121,432</u>
Total	<u>\$ 3,283,589</u>

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets, not depreciated				
Land	\$ 1,054,875	\$ -	\$ -	\$ 1,054,875
Capital assets, being depreciated				
Buildings and building improvements	10,317,774	-	-	10,317,774
Furniture and equipment	112,244	-	-	112,244
Vehicles	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Total capital assets, being depreciated	<u>10,560,018</u>	<u>-</u>	<u>-</u>	<u>10,560,018</u>
Accumulated depreciation:				
Buildings and building improvements	(1,191,125)	(229,834)	-	(1,420,959)
Furniture and equipment	(33,673)	(11,225)	-	(44,898)
Vehicles	<u>(26,000)</u>	<u>(13,000)</u>	<u>-</u>	<u>(39,000)</u>
Total accumulated depreciation	<u>(1,250,798)</u>	<u>(254,059)</u>	<u>-</u>	<u>(1,504,857)</u>
Total capital assets, being depreciated, net	<u>9,309,220</u>	<u>(254,059)</u>	<u>-</u>	<u>9,055,161</u>
Total capital assets	<u>\$ 10,364,095</u>	<u>\$ (254,059)</u>	<u>\$ -</u>	<u>\$ 10,110,036</u>

Depreciation expense of \$241,059 was charged to the instruction function of the School and \$13,000 was charged to the transportation function of the School.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 – BONDS PAYABLE

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Balance			Amounts	
	June 30, 2015	Additions	Reductions	Balance	Due Within
				June 30, 2016	One Year
Bonds payable - series 2007	\$ 4,415,000	\$ -	\$ (95,000)	4,320,000	\$ 100,000
Bonds payable - series 2015	7,140,000	-	(20,000)	7,120,000	105,000
Premium	99,817	-	(4,249)	95,568	-
Total	\$ 11,654,817	\$ -	\$ (119,249)	\$ 11,535,568	\$ 205,000

Union Colony Preparatory Building Corporation – Bonds Payable Series 2007

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds as the Union Colony Charter Project. The bonds were issued for the Union Colony Preparatory Building Corporation's use in acquiring the land and building that are the school facility. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation. The bonds are payable solely from the loan rights pledged to the Authority under the loan agreement, pledges of funds and revenue by the Trustee to the Authority, and the assignment of the Authority's mortgage on the facility and the security interest in the pledged revenues of the Building Corporation. The bonds do not constitute a debt of the Authority and are considered the obligation of the Building Corporation.

Union Colony Preparatory Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 5. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$10,572,000. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2016, approximately \$349,000.

The Charter School Refunding Revenue Bonds dated March 28, 2007, due in annual installments ranging from \$70,000 to \$335,000 through December 2038; interest (rate is 5.75%) payable semi-annually on December 1 and June 1. Revenue from the rental of the building (Note 5) has been pledged to pay bond principal & interest. Future debt payments are as follows:

Year Ending	Principal	Interest	Total
June 30, 2017	\$ 100,000	\$ 248,400	\$ 348,400
June 30, 2018	105,000	242,650	347,650
June 30, 2019	110,000	236,612	346,612
June 30, 2020	120,000	230,287	350,287
June 30, 2021	125,000	223,388	348,388
June 30, 2022-2026	755,000	999,350	1,754,350
June 30, 2027-2031	1,005,000	754,688	1,759,688
June 30, 2032-2036	1,345,000	428,950	1,773,950
June 30, 2037-2038	655,000	56,925	711,925
	\$ 4,320,000	\$ 3,421,250	\$ 7,741,250

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 4 – BONDS PAYABLE (CONTINUED)

Union Colony Elementary Building Corporation – Bonds Payable Series 2015

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued series 2015 Charter School Revenue Bonds as the Union Colony Elementary School Project in the amount of \$7,140,000 to refund the series 2012A and B bonds used in acquiring the land and building that are the school facility. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation.

The Union Colony Elementary Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 5. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$8,879,000.

One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2016, approximately \$446,000.

The Charter School Refunding Revenue Bonds dated June 17, 2015, due in annual installments ranging from \$20,000 to \$6,780,000 through March 2020; interest (rate is 5.3%) payable semi-annually on September 1 and March 1. Revenue from the rental of the building (Note 5) has been pledge to pay bond principal & interest. Future debt payments are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2017	\$ 105,000	\$ 377,360	\$ 482,360
June 30, 2018	115,000	371,795	486,795
June 30, 2019	120,000	365,700	485,700
June 30, 2020	6,780,000	359,340	7,139,340
	<u>\$ 7,120,000</u>	<u>\$ 1,474,195</u>	<u>\$ 8,594,195</u>

NOTE 5 – LEASES

Union Colony Preparatory Building Corporation

The School leases its preparatory school building from the Union Colony Preparatory Building Corporation. The lease requires monthly payments, which approximate the Building Corporation's required payments on the bonds (Note 4) and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense was approximately \$349,000 for the year ended June 30, 2016, and is included in maintenance and operations expenditures.

The lease between the School (lessee) and Union Colony Building Corporation (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. Management believes the School is in compliance with the covenants.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 – LEASES (CONTINUED)

Union Colony Elementary Building Corporation

The School leases its elementary school building from the Union Colony Elementary Building Corporation. The lease requires monthly payments, which approximate the Building Corporation's required payments on the bonds (Note 5) and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense was approximately \$446,000 for the year ended June 30, 2016, and is included in maintenance and operations expenditures.

The lease between the School (lessee) and Union Colony Elementary Building Corporation (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. Management believes the School is in compliance with the covenants.

NOTE 6 – RISK MANAGEMENT

The school is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss. Settled claims have not exceeded this coverage in the past three years.

NOTE 7 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue. The 3% emergency reserve is still required both at the District and the School level. At June 30, 2016, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance.

The Building Corporations are required to hold funds in escrow accounts related to the bond obligations as identified in Note 2. Net position/fund balance are restricted attributable to the restrictions on its cash and investments. At June 30, 2016, \$960,854 of fund balance is restricted as required by bond covenants. Of this amount, \$121,153 is restricted for repair and maintenance. Accrued interest is subtracted from the net position restricted for debt service.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE (CONTINUED)

As described in Note 1, Union Colony Elementary School and Union Colony Preparatory School were combined under a single charter during fiscal year 2016. The beginning balances of the combined Union Colony Schools were determined using the balances from the previous year's audited financial statements as follows:

	Union Colony Elementary School	Union Colony Preparatory School	Union Colony Schools
Current assets	\$ 1,289,344	\$ 1,058,938	\$ 2,348,282
Capital assets	5,821,582	4,542,513	10,364,095
Total assets	<u>7,110,926</u>	<u>5,601,451</u>	<u>12,712,377</u>
Total deferred outflows of resources	<u>218,669</u>	<u>247,965</u>	<u>466,634</u>
Current liabilities	136,759	155,122	291,881
Long-term liabilities	11,140,383	9,506,302	20,646,685
Total liabilities	<u>11,277,142</u>	<u>9,661,424</u>	<u>20,938,566</u>
Total deferred inflows of resources	<u>52,060</u>	<u>64,585</u>	<u>116,645</u>
Net investment in capital assets	(1,318,418)	27,696	(1,290,722)
Restricted	321,201	629,196	950,397
Unrestricted	(3,002,390)	(4,533,858)	(7,536,248)
Total net position	<u>\$ (3,999,607)</u>	<u>\$ (3,876,966)</u>	<u>\$ (7,876,573)</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the 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.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S.

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

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

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

**UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
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	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Union Colony Schools were \$557,889 for the year ended June 30, 2016.

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

At June 30, 2016, the School reported a liability of \$10,779,664 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the School's proportion was 0.0704816088%, which was an increase of 0.0041374055% from its proportion measured as of December 31, 2014.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the School recognized pension expense of \$1,179,927. At June 30, 2016 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 142,347	\$ 423
Changes of assumptions or other inputs	-	152,336
Net difference between projected and actual earnings on pension plan investments	906,902	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	406,703	73,255
Contributions subsequent to the measurement date	285,753	-
Total	\$ 1,741,705	\$ 226,014

\$285,753 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 346,580
2018	359,582
2019	335,823
2020	187,953
2021	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial cost methods, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund
 - Removal of the negative value adjustment for liabilities associates with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of November 15, 2013 adoption of the long-term expected rate of return, by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the 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 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

Based on the above actuarial cost method and assumptions, the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 13,973,596	\$ 10,779,664	\$ 8,122,910

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.

UNION COLONY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding Policy – The School is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the School's contributions to the HCTF were \$32,094, \$30,085 and \$28,490, respectively, equal to their required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
Year ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Per pupil revenue	\$ 6,205,615	\$ 6,205,615	\$ 6,448,901	\$ 243,286
Capital construction funds and grant revenue	518,513	904,261	869,096	(35,165)
Interest income	200	200	1,763	1,563
Other revenue	-	-	30,247	30,247
TOTAL REVENUES	<u>6,724,328</u>	<u>7,110,076</u>	<u>7,350,007</u>	<u>239,931</u>
EXPENDITURES				
Current				
Instruction	4,533,393	4,574,207	4,527,316	46,891
Support services:				
Pupil and instruction	613,463	722,933	718,299	4,634
General administration	287,805	295,073	242,159	52,914
School administration	65,805	65,804	50,180	15,624
Business services	29,566	32,784	32,401	383
Food services	6,000	2,250	2,250	-
Maintenance and operations	1,067,553	1,027,451	964,966	62,485
Transportation	20,000	20,000	12,797	7,203
Other supporting services	52,445	117,601	101,133	16,468
TOTAL EXPENDITURES	<u>6,676,030</u>	<u>6,858,103</u>	<u>6,651,501</u>	<u>206,602</u>
NET CHANGE IN FUND BALANCE	48,298	251,973	698,506	33,329
FUND BALANCE, Beginning	<u>1,096,235</u>	<u>1,296,824</u>	<u>1,296,824</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,144,533</u>	<u>\$ 1,548,797</u>	<u>\$ 1,995,330</u>	<u>\$ 446,533</u>

See accompanying Notes to the Required Supplementary Information.

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – UNION COLONY PREPARATORY BUILDING CORPORATION
Year ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Rental Income	\$ 348,843	\$ 348,593	\$ (250)
Interest Income	981	1,077	96
TOTAL REVENUES	349,824	349,670	(154)
EXPENDITURES			
Other supporting servies	-	54	(54)
Debt service	348,843	346,375	2,468
TOTAL EXPENDITURES	348,843	346,429	2,414
NET CHANGE IN FUND BALANCE	981	3,241	(2,568)
FUND BALANCE, Beginning	-	552,696	552,696
FUND BALANCE, Ending	\$ 981	\$ 555,937	\$ 554,956

See accompanying Notes to the Required Supplementary Information.

UNION COLONY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – UNION COLONY ELEMENTARY BUILDING CORPORATION
Year ended June 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Rental Income	\$ 445,681	\$ 445,939	\$ 258
Interest Income	949	1,192	243
TOTAL REVENUES	446,630	447,131	501
EXPENDITURES			
Other supporting services	-	396	(396)
Debt service	445,931	285,198	160,733
TOTAL EXPENDITURES	445,931	285,594	160,337
NET CHANGE IN FUND BALANCE	699	161,537	(159,836)
FUND BALANCE, Beginning	-	488,879	488,879
FUND BALANCE, Ending	\$ 699	\$ 650,416	\$ 649,717

See accompanying Notes to the Required Supplementary Information.

UNION COLONY SCHOOLS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's proportion (percentage) of the collective net pension liability (asset)	0.0704816088%	0.0663442033%	0.0675941994%
School's proportionate share of the collective pension liability (asset)	\$ 10,779,664	\$ 8,991,868	\$ 8,621,622
Covered-employee payroll	3,094,834	2,779,344	2,725,062
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	348.31%	323.52%	316.38%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.80%	64.06%

*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

See accompanying Notes to the Required Supplementary Information.

UNION COLONY SCHOOLS
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
Last 10 Fiscal Years *

As of June 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 557,889	\$ 498,097	\$ 445,731
Contributions in relation to the statutorily required contribution	<u>557,889</u>	<u>498,097</u>	<u>445,731</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	3,146,451	2,949,495	2,793,094
Contribution as a percentage of covered-employee payroll	17.73%	16.89%	15.96%

*The amounts presented for each fiscal year were determined as of June 30. Information earlier than 2014 was not available.

UNION COLONY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

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

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to obtain comments and recommendations from parents and other members of the public.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's Board of Directors on October 17, 2015, and the final building corporation's budgets approved by the Board on May 16, 2015.
- h) All appropriations lapse at the end of each fiscal year.

SUPPLEMENTARY INFORMATION

UNION COLONY SCHOOLS
BALANCE SHEET – GENERAL FUND BY SCHOOL LOCATION
June 30, 2016

	<u>Union Colony Elementary School</u>	<u>Union Colony Preparatory School</u>	<u>General Fund Total</u>
ASSETS			
Cash	\$ 1,516,895	\$ 684,408	\$ 2,201,303
Prepaid items	4,324	4,324	8,648
Accounts receivable	-	33,652	33,652
TOTAL ASSETS	<u>\$ 1,521,219</u>	<u>\$ 722,384</u>	<u>\$ 2,243,603</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 14,423	\$ 14,279	\$ 28,702
Accrued salaries and benefits	101,772	117,799	219,571
TOTAL LIABILITIES	<u>116,195</u>	<u>132,078</u>	<u>248,273</u>
FUND BALANCES			
Nonspendable	4,324	4,324	8,648
Restricted	100,953	113,840	214,793
Unassigned	1,299,747	472,142	1,771,889
TOTAL FUND BALANCES	<u>1,405,024</u>	<u>590,306</u>	<u>1,995,330</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,521,219</u>	<u>\$ 722,384</u>	<u>\$ 2,243,603</u>

UNION COLONY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND BY SCHOOL LOCATION
June 30, 2016

	Union Colony Elementary School	Union Colony Preparatory School	General Fund Total
REVENUES			
Per pupil funding	\$ 2,953,618	\$ 3,495,283	\$ 6,448,901
Intergovernmental	486,406	382,690	869,096
Other income	24,410	5,837	30,247
Interest income	1,005	758	1,763
TOTAL REVENUES	3,465,439	3,884,568	7,350,007
EXPENDITURES			
Current:			
Instruction	2,040,604	2,486,712	4,527,316
Support services:			
Pupil and instruction	342,149	376,150	718,299
General administration	128,134	114,025	242,159
School administration	25,571	24,609	50,180
Business services	21,638	10,763	32,401
Maintenance and operations	359,705	605,261	964,966
Food services	1,125	1,125	2,250
Transportation	6,569	6,228	12,797
Other supporting services	59,469	41,664	101,133
TOTAL EXPENDITURES	2,984,964	3,666,537	6,651,501
NET CHANGE IN FUND BALANCE	480,475	218,031	698,506
FUND BALANCE, Beginning	924,549	372,275	1,296,824
FUND BALANCE, Ending	\$ 1,405,024	\$ 590,306	\$ 1,995,330