Financial Statements
June 30, 2017

Ridgeview Classical Schools

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors of
Ridgeview Classical Schools
Fort Collins, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Ridgeview Classical Schools (the "School"), a component unit of Poudre School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School'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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, and each major fund of Ridgeview Classical Schools, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reissuance
As discussed in Note 10, subsequent to the issuance of the School's 2017 financial statements and our report thereon dated November 17, 2017, we became aware that those financial statements contained an error in an account classification between revenues and expenses. In our original report we expressed an unmodified opinion on the 2017 financial statements, and our opinion on the revised statements, as expressed herein, remains unmodified.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School's proportionate share of the net pension liability and schedule of employer's contributions as 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 (GASB) who considers it to be an essential part of the 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.

Eide Bailly LLP

Fort Collins, Colorado
November 17, 2017, except as to Note 10, which is as of December 14, 2017

Ridgeview Classical Schools
An authorized charter school of Poudre School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended June 30, 2017, through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- Total revenues received were approximately $7.2 million. The per-pupil revenue was approximately $5.9 million, which is approximately a 0.70% ($41,130) decrease from the prior year.

- The per pupil revenue reflected in these statements include the approximate 2% ($110,587) or $148.16/pupil) that is withheld by Poudre School District for general administration services as well as $121,263 ($105/pupil) for special education services purchased from Poudre School District by the Schools.

- The Schools' overall expenses increased in fiscal 2017 as compared to fiscal 2016, an overall increase of approximately 39.34%. The total cost, including instructional, operational, and general administration was approximately $10.3 million, which is approximately $3.3 million more than revenues received.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board (GASB) 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 Ridgeview Classical Schools' Board of Directors, and for the general public. The report consists of two parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements which provide additional and more detailed information. The School also includes in this report required supplementary information.

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 being 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* demonstrates the School's change in net position 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 result in cash flows in future fiscal periods.

The government-wide financial statements include not only Ridgeview Classical Schools itself (known as the *primary government*), but also a blended component unit of the School. Financial information for RCS Building Corporation (RCSBC), a legally separate organization, is for all practical purposes, a part of the Schools and is blended with the primary government.

The government-wide financial statements can be found on pages 10 – 12 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. Ridgeview Classical Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports three funds, the general fund and student activities fund, which are governmental funds and RCSBC, an enterprise fund. 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 the 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 government'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 adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund and can be found on page 39.

The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

The enterprise fund accounts for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The School's major enterprise fund, RCS Building Corporation (RCSBC), is a nonprofit corporation organized in 2005 primarily to own and finance the building used by Ridgeview Classical Schools.

Enterprise fund statements can be found on pages 17 – 19 of this report.

Notes to financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 20 of this report.

Government-wide Financial Analysis

Table A-1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Current assets	$ 2,268,305	$ 2,207,721	$ 196,347	$ 196,628
Capital assets	2,635,379	2,638,363	5,207,599	5,453,929
Total assets	4,903,684	4,846,084	5,403,946	5,650,557
Deferred outflows of resources:				
Pension plan	7,848,910	1,338,390	-	-
Total assets and deferred outflows of resources	12,752,594	6,184,474	5,403,946	5,650,557
Current liabilities	275,637	255,168	360,302	373,754
Long-term liabilities	20,325,260	10,451,906	5,898,348	6,127,419
Total liabilities	20,600,897	10,707,074	6,258,650	6,501,173
Deferred inflows of resources:				
Pension plan	107,840	164,173	-	-
Gain deferred on bond refunding	-	-	62,737	66,190
Total liabilities and deferred inflows of resources	20,708,737	10,871,247	6,321,387	6,567,363
Net investment in capital assets	2,635,379	2,638,363	(786,204)	(763,223)
Restricted	379,029	354,648	-	-
Unrestricted	(10,970,551)	(7,679,784)	(131,237)	(153,583)
Total net position (deficit)	$ (7,956,143)	$ (4,686,773)	$ (917,441)	$ (916,806)

Total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $8,873,584 at the close of the most recent fiscal year.

The School has investments in capital assets (site improvements, instructional equipment, school and office equipment and computers) in excess debt of $1,849,175. The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Approximately $191,000 of net position is restricted to comply with the TABOR amendment and approximately $193,000 of restricted net position is for student activities. The remaining net position is unrestricted and may be used to meet the School's ongoing obligations.

Governmental activities. Governmental activities decreased the School's net position by $3,269,370. Business activities decreased net position by $635. Key elements of this decrease are as follows:

Table A-2
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Revenues:				
Program revenues:				
Charges for services	$ 400,320	$ 387,767	$ 471,894	$ 425,058
Capital grants and contributions	250,010	197,565	-	-
General revenues:				
Unrestricted earnings on investments	10,720	9,958	36	14
Per pupil operating revenue	5,851,239	5,892,369	-	-
Other revenue	59,105	115,154	-	-
Total revenues	6,571,394	6,602,813	471,930	425,072
Expenses:				
Instructional	7,052,082	4,550,765	-	-
Support services	2,788,682	2,351,615	246,645	246,333
Interest on debt	-	-	225,920	253,021
Total expenses	9,840,764	6,902,380	472,565	499,354
Change in net position	(3,269,370)	(299,567)	(635)	(74,282)
Net position (deficit) - beginning	(4,686,773)	(4,387,206)	(916,806)	(842,524)
Net position (deficit) - ending	$ (7,956,143)	$ (4,686,773)	$ (917,441)	$ (916,806)

- Per pupil operating revenue decreased slightly as a result of changes in the funded pupil count and related adjustments from the school district authority.

- Expenses increased by $2,938,384 due to higher student count related expenses increased faculty, higher required PERA contributions, higher salaries and benefit costs. The primary reason for the primary governments increase in expenses is related to pension expense (Note 6). The School also completed several facility maintenance projects during the fiscal year.

General Fund

The general fund revenue is based primarily on per pupil revenue. The sources of this revenue are state equalization, property taxes, and specific ownership taxes. The per-pupil revenue and capital construction revenue combined were $6,058,482. The capital construction revenue was approximately 3.33% of total general fund revenue. Other income was $59,105 and the general fund earned interest revenue of $10,720.

Total expenditures of the general fund were $6,207,713. The expenses are categorized into instructional, administrative, maintenance and operational and capital outlay. The instructional expenses account for 67% of the total, administrative amounts to 25%, maintenance and operational amounts to 6%, and capital outlay represents 3%.

The fund balance of the general fund at the end of fiscal 2017 was $1,522,466. The restricted fund balance of $190,838 is for TABOR (Note 8). The increase in fund balance of $19,322 is due to a surplus in the School's general fund.

Student Activities Fund

The student activities fund is used to record all transactions relating to extra-curricular events and fundraising efforts. The extra-curricular fees and revenues recorded are used for the expenses of student events and activities.

The fundraising and student activities efforts were successful during the 2017 fiscal year. The total revenue received was $344,359. The student activities fund holds the funds of various self-supporting groups. These include funds for each elementary grade for classroom parties and fieldtrips, the student government, and a high school account for social activities (the proceeds of which are spent on the Prom). The other groups that are self-funding include the Madrigal Choir, Band, Orchestra, Drama, yearbook, VERITAS (a literary publication), funds generated by the Scrip program (overseas travel and specific student needs), sports, rental revenue, student fees, funds for paper/printing supplies, postage, science fair, building remodel, academic enrichment, board discretionary and miscellaneous/bank fund. Each of these individual funds is generated either by fees or the group's fundraising activities. In the case of the performance groups, the revenues are acquired through admission to the various performances.

General Fund Budgetary Highlights

The original budget planned for the 2016/2017 school year was amended after the October student count date. The final student count of 772 students, 746.4 funded, was different than the original funded count of 742. For the year ended June 30, 2017 the School's actual expenditures exceeded budget by $23,230. This overage was covered due to actual revenues exceeding budget by $124,289.

Capital Assets and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2017, amounts to $7,842,978. This investment in capital assets includes instructional buildings, land, equipment, school and office equipment, and computers. The total decrease in School capital assets was $249,314 (3.08%).

The majority of capital assets used by the Schools are owned by LCSBC, a blended component unit. LCSBC holds the land and buildings used as the School facility and lease these facilities to the School under an operating lease with terms which approximate LCSBC's required debt service obligations (see discussion on the following page).

Table A-3
Capital Assets
Net of Accumulated Depreciation

	2017	2016
Governmental Activities		
Land	$ 125,000	$ 125,000
Construction in progress	47,382	101,481
Building	1,470,251	1,516,624
Site improvements	812,390	789,801
Other equipment	180,356	105,457
Net capital assets	$ 2,635,379	$ 2,638,363

	2017	2016
Business-Type Activities		
Land	$ 660,000	$ 660,000
Buildings	3,815,494	4,025,521
Site improvements	732,105	768,408
Net capital assets	$ 5,207,599	$ 5,453,929

Additional information on the School's capital assets can be found in Note 3 on pages 25 – 26 of this report.

Long-term debt. The School currently has no debt. RCSBC, however, carries total bonded debt outstanding of $6,127,413. The purpose of RCSBC is to own and finance the building used by the School. The $6,127,413 represents $4,749,000 Series 2014 A Charter School Revenue Bonds and $1,378,413 Series B Charter School Revenue Bonds.

Table A-4
Outstanding Long-Term Debt

	2017	2016	Total Percentage Change
Business-Type Activities			
Bonds payable	$ 6,127,413	$ 6,347,589	-3.47%
Bonds payable	$ 6,127,413	$ 6,347,589	-3.47%

Additional information on long-term debt and the related facility lease can be found in Notes 4 on pages 26 – 28 of this report.

Economic Factors and Next Year's Budgets

Ridgeview Classical Schools' current school year (2017 – 2018) projection has not changed and will continue to follow in its conservative budgeting practice. We did include the capital construction revenue to the operating budget for this year. The funds are utilized for facility improvement.

Legislation has removed the student instructional spending requirement. The School has consistently and significantly exceeded this requirement in the past and will continue this practice in the future. The same is true for Capital Reserve funds. Even though this requirement was eliminated by the legislature, the School considers this a sound financial practice and will continue to report this funding in the future.

Possible changes to the nation's healthcare system may negatively impact the School and its employees. The Schools may be forced to make significant changes to its healthcare plan. This could adversely affect the School and its employees.

The Schools also face rapidly rising employee benefit costs due to mandatory participation in the Colorado Public Employees Retirement Association (PERA). Required employer contributions to PERA are scheduled to rise by approximately 5% annually for each of the next two years.

The school is monitoring and anticipating a decrease in enrollments for the fiscal year of 2017-18. However, we do not anticipate that this drop in enrollment will be longstanding. Due to corrective actions required for the health and benefit of the school we have lost some students, however the school is currently taking necessary measures to ensure we will continue to meet our budgetary requirements.

Requests for Information

This financial report is designed to provide the reader with a general overview of the Schools' finances and to demonstrate the School's accountability for the money it receives. Questions about this report or requests for additional information should be directed to the Business Office, Ridgeview Classical Schools, 1800 South Lemay, Fort Collins, Colorado 80525.

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents and investments	$ 2,236,762	$ -	$ 2,236,762
Restricted cash and cash equivalents	-	196,347	196,347
Prepaid expense	31,543	-	31,543
Capital assets, not being depreciated:			
Land	125,000	660,000	785,000
Construction in progress	47,382	-	47,382
Capital assets, net of accumulated depreciation:			
Buildings	1,470,251	3,815,494	5,285,745
Site improvements	812,390	732,105	1,544,495
Other equipment	180,356	-	180,356
Total assets	4,903,684	5,403,946	10,307,630
Deferred outflows of resources			
Pension plan	7,848,910	-	7,848,910
Total deferred outflows of resources	$ 7,848,910	$ -	$ 7,848,910

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	$ 6,518	$ -	$ 6,518
Accrued salaries and benefits	269,119	-	269,119
Unearned rental income	-	39,326	39,326
Accrued interest payable	-	91,911	91,911
Noncurrent liabilities			
Due within one year	-	229,065	229,065
Due in more than one year	-	5,898,348	5,898,348
Net pension liability-due in more than one year	20,325,260	-	20,325,260
Total liabilities	20,600,897	6,258,650	26,859,547
Deferred inflows of resources:			
Pension plan	107,840	-	107,840
Gain deferred on bond refunding	-	62,737	62,737
Total deferred inflows of resources	107,840	62,737	170,577
Net position (deficit)			
Net investment in capital assets	2,635,379	(786,204)	1,849,175
Restricted for:			
TABOR	186,231	-	186,231
Student activities	192,798	-	192,798
Unrestricted net position (deficit)	(10,970,551)	(131,237)	(11,101,788)
Total net position (deficit)	$ (7,956,143)	$ (917,441)	$ (8,873,584)

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:						
Instructional	$ 7,052,082	$ 400,320	$ 42,767	$ (6,608,995)	$ -	$ (6,608,995)
Support services:						
Operations and maintenance	365,337	-	207,243	(158,094)	-	(158,094)
General administration	2,423,345	-	-	(2,423,345)	-	(2,423,345)
Total governmental activities	9,840,764	400,320	250,010	(9,190,434)	-	(9,190,434)
Business-Type Activities:						
Support services	246,645	471,894	-	-	225,249	225,249
Interest on debt	225,920	-	-	-	(225,920)	(225,920)
Total business-type activities	472,565	471,894	-	-	(671)	(671)
General revenues:						
Earnings on investments				10,720	36	10,756
Per pupil revenue				5,851,239	-	5,851,239
Other income				59,105	-	59,105
Total general revenues				5,921,064	36	5,921,100
Changes in net position				(3,269,370)	(635)	(3,270,005)
Net position (deficit) - beginning				(4,686,773)	(916,806)	(5,603,579)
Net position (deficit) - ending				$ (7,956,143)	$ (917,441)	$ (8,873,584)

	General Fund	Student Activities Fund	Total Governmental Funds
Assets			
Cash, cash equivalents and investments	$ 1,766,560	$ 470,202	$ 2,236,762
Prepaid expense	31,543	-	31,543
Total assets	$ 1,798,103	$ 470,202	$ 2,268,305
Liabilities			
Accounts payable	$ 6,518	$ -	$ 6,518
Accrued salaries and benefits	269,119	-	269,119
Total liabilities	275,637	-	275,637
Fund Balance			
Nonspendable fund balance	31,543	-	31,543
Restricted fund balance	186,231	192,798	379,029
Assigned fund balance	-	277,404	277,404
Unassigned fund balance	1,304,692	-	1,304,692
Total fund balance	1,522,466	470,202	1,992,668
Total liabilities and fund balance	$ 1,798,103	$ 470,202	$ 2,268,305

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds		$ 1,992,668
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets is $3,818,749 and the accumulated depreciation is $1,183,370.		2,635,379
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and, therefore, are not reported in the fund.		
Deferred outflows	7,848,910	
Deferred inflows	(107,840)	7,741,070
Net pension liability		(20,325,260)
Total net position (deficit) - governmental activities		$ (7,956,143)

	General Fund	Student Activities Fund	Total Governmental Funds
Revenues			
Per pupil funding	$ 5,851,239	$ -	$ 5,851,239
Capital construction funding	207,243	-	207,243
Student activities	-	344,359	344,359
Tuition	55,961	-	55,961
Local grant revenue	42,767	-	42,767
Other income	59,105	-	59,105
Interest income	10,720	-	10,720
Total revenues	6,227,035	344,359	6,571,394
Expenditures			
Current:			
Instruction	4,139,296	323,566	4,462,862
Operations and maintenance	365,337	-	365,337
General administration	1,526,861	-	1,526,861
Capital outlay	176,219	-	176,219
Total expenditures	6,207,713	323,566	6,531,279
Net change in fund balance	19,322	20,793	40,115
Fund balance - beginning	1,503,144	449,409	1,952,553
Fund balance - ending	$ 1,522,466	$ 470,202	$ 1,992,668

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - governmental fund		$ 40,115
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as deprecation expense. This is the amount by which depreciation expense and loss on disposal of capital assets exceed capital outlay in the current period.		
Capital outlay	176,219	
Depreciation expense	(165,781)	
Loss on disposal	(13,422)	
		(2,984)
In the statement of activities, the cost of pension benefits earned by pension participants net of employee contributions are reported as pension expense. In the governmental funds, the contributions are reported as expense.		(876,431)
Changes in net position - governmental activities		$ (839,300)

	RCS Building Corporation
Assets	
Restricted cash and cash equivalents	$ 196,347
Capital assets, not being depreciated	
Land	660,000
Capital assets, net of accumulated depreciation	
Buildings	3,815,494
Site improvements	732,105
Total assets	$ 5,403,946
Liabilities:	
Unearned rental income	$ 39,326
Accrued interest payable	91,911
Noncurrent liabilities:	
Due within one year	229,065
Due in more than a year	5,898,348
Total liabilities	6,258,650
Deferred inflows of resources	
Gain deferred on bond refunding	62,737
Total liabilities and deferred inflows of resources	6,321,387
Net position (deficit)	
Net investment in capital assets	(786,204)
Unrestricted net position (deficit)	(131,237)
Total net position (deficit)	(917,441)
Total liabilities and net position (deficit)	$ 5,403,946

	RCS Building Corporation
Revenues	
Rental income	$ 471,894
Interest income	36
Total operating revenue	471,930
Expense	
Interest expense	225,920
Depreciation expense	246,330
General and administrative expense	315
Total operating expense	472,565
Operating (loss)	(635)
Net position (deficit) - beginning	(916,806)
Net position (deficit) - ending	$ (917,441)

	RCS Building Corporation
Cash flows from operating activities:	
Cash received from building rental	$ 471,894
Payments to suppliers for goods and services	(315)
Cash paid for interest	(251,719)
Interest received	36
Net cash provided by operating activities	219,896
Cash flows from capital and related financing activities:	
Repayment of bonds payable	(220,177)
Net cash (used) by capital and related financing activities	(220,177)
Net decrease in cash and cash equivalents	(281)
Cash and cash equivalents at beginning of year	196,628
Cash and cash equivalents at end of year	$ 196,347
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	$ (635)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation expense	246,330
Amortization of deferred gain	(3,453)
Changes in operating assets and liabilities:	
Accrued interest	(22,346)
Net cash provided by operating activities	$ 219,896

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Ridgeview Classical Schools (the "School") conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity
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 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 schools within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The School began operations in Fall 2001 and is governed by a five member Board of Directors elected by the school community. The School operates under a charter granted by the Poudre School District (the District) Board of Education. The School's current charter is effective until June 30, 2022. The School is funded based on the level of per pupil 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, 2016), there were 746.4 students enrolled. The PPR rate for the fiscal year ended June 30, 2017, was $7,044.

The accompanying financial statements present the School and its component unit, an entity 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.

RCS Building Corporation (RCSBC) is a nonprofit corporation organized in 2005 primarily to own and finance the building used by Ridgeview Classical Schools. The School is financially accountable for RCSBC. RCSBC is considered a blended component unit of the School. Separate financials statements are not issued by RCSBC.

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 activities of the primary government and its blended component unit.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation
The government-wide financial statements and the proprietary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 consider 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.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting
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 Governmental 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.

Student Activities Fund: The Student Activities Fund is used to record financial transactions related to school-sponsored organizations, co-curricular and extra-curricular activities and special student programs. Student activities are funded primarily through donations, fees, and fundraising activities.

Major Proprietary Fund
Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interest in the activities and sources of funding supporting these operations.

RCS Building Corporation: RCS Building Corporation accounts for all financial activities associated with the School's ownership and rental of the elementary, middle-school and high-school facilities.

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, Cash Equivalents and Investments
Cash, cash equivalents and investments include cash on hand, demand deposits, certificates of deposit funds and money market funds. The School considers short-term investments with maturities within three months of the date acquired to be cash equivalents. Investments are comprised of certificates of deposits and are carried at cost plus accrued interest.

Restricted Cash and Cash Equivalents
Certain resources set aside for the repayment of debt, are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by bond covenants. These assets are generally not available to pay current obligations.

Prepaid expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund statements.

Capital Assets
Capital assets purchased by the School, which include leasehold improvements, computer equipment, playground equipment, furniture and fixtures and office equipment with a cost greater than $5,000, 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 estimated fair market 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 and construction in progress, are depreciated. Depreciation on all assets is provided using the straight-line method over estimated useful lives of three to forty years.

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

Deferred Outflows and Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has one item that qualifies for reporting in this category. The School reports changes in net pension liability not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until the time. The School has two items that qualify for reporting in this category. They are charges on bond refundings and changes in net position liability not included in pension expense reported in the government-wide statement of net position.

Accrued Salaries and Benefits
Salaries of teachers 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 August 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 $269,119.

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 the debt using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

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 consist 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. 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.

In the fund financial statements, fund equity of the School's governmental funds is 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 indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation (Note 8).

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. The School has no committed fund balance.

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. Amounts constrained for the intent to be used for a specific purpose has been delegated to the Business 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. It is the School's policy to use fund balance in the following order: restricted resources, followed by committed, assigned and then unassigned resources.

Budgetary Information
The School adopts a legal budget for its general fund. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (US GAAP). The level on which expenditures may not legally exceed appropriations is the fund level. For the year ended June 30, 2017 the School's actual expenditures exceeded budget by $23,320. This overage was covered due to actual revenues exceeding budget by $124,289.

Note 2 - Cash, Cash Equivalents 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 one hundred and two percent of the uninsured deposits. At June 30, 2017, the School's carrying amount of deposits was $2,236,762 and the bank balance was $2,369,339. At June 30, 2017, the School's deposits were either insured by Federal Depository Insurance or collateralized with securities held by the financial institution's agent but not in the Schools' name and consequently were not exposed to custodial credit risk.

As a requirement of the Charter School Bond agreement, the enterprise fund of the School's must maintain bond escrow accounts. These accounts are held by a trustee. Monthly rent payments (Note 5) from the School are made from the accounts. The accounts consist of cash and money market funds and totaled $196,347 at June 30, 2017.

The School is authorized by Colorado statutes to invest in the following:

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

At June 30, 2017, included in the School's deposits are Certificates of Deposits (CD's) totaling $1,876,635. The CD's have 20 month terms and carried at cost plus accrued interest.

Interest Rate Risk
As a means of limiting local government exposure to fair value losses arising from interest rates, state law limits maturities to five years or less.

Credit Risk
The money market funds held by the School are not rated for credit risk.

Note 3 - Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Transfers	Adjustments	Ending Balance
Capital assets, not being depreciated					
Land	$ 125,000	$ -	$ -	$ -	$ 125,000
Construction in progress	101,481	39,882	(93,981)	-	47,382
Total capital assets, not being depreciated	226,481	39,882	(93,981)	-	172,382
Capital assets, being depreciated					
Building	1,715,150	-	-	-	1,715,150
Site improvements	1,475,894	80,509	40,487	(36,496)	1,560,394
Other equipment	235,187	55,799	53,494	26,343	370,823
Total capital assets, being depreciated	3,426,231	136,308	93,981	(10,153)	3,646,367
Less accumulated depreciation					
Building	(198,526)	(42,879)	-	(3,494)	(244,899)
Site improvements	(686,093)	(69,272)	-	7,361	(748,004)
Other equipment	(129,730)	(53,630)	-	(7,107)	(190,467)
Total accumulated depreciation	(1,014,349)	(165,781)	-	(3,240)	(1,183,370)
Total capital assets, being depreciated, net	2,411,882	(29,473)	93,981	(13,393)	2,462,997
Governmental activities capital assets, net	$ 2,638,363	$ 10,409	$ -	$ (13,393)	$ 2,635,379

Depreciation expense of $159,150 was charged to instructional expense, and $6,631 was charged to general and administrative expense of the School.

The estimated remaining cost to complete the playground resurface is approximately $70,000.

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 660,000	$ -	$ -	$ 660,000
Total capital assets, not being depreciated	660,000	-	-	660,000
Capital assets, being depreciated				
Building	6,300,819	-	-	6,300,819
Site improvements	1,089,095	-	-	1,089,095
Total capital assets, being depreciated	7,389,914	-	-	7,389,914
Less accumulated depreciation				
Building	(2,275,298)	(210,027)	-	(2,485,325)
Site improvements	(320,687)	(36,303)	-	(356,990)
Total accumulated depreciation	(2,595,985)	(246,330)	-	(2,842,315)
Total capital assets, being depreciated, net	4,793,929	(246,330)	-	4,547,599
Business-type activities capital assets, net	$ 5,453,929	$ (246,330)	$ -	$ 5,207,599

Depreciation expense of $246,330 was charged to support services within the School.

Note 4 - Long-Term Debt

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds. The bonds were issued for refunding the previously issued 2005A bonds of RCSBC. The Authority and RCSBC have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to RCSBC. 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 RCSBC. The bonds do not constitute a debt of the Authority and are considered the obligation of RCSBC.

RCSBC 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 revenue which is the basis of the pledged revenues is 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 $9,500,000. 100% of the lease revenues have been pledged under the agreement. Lease revenue attributable to the revised lease was approximately $472,000 for the year ended June 30, 2017.

Following is a summary of business-type activity long-term debt at June 30, 2017:

Charter School Revenue Refunding Bonds, Series 2014 A, due in semi-annual installments ranging from $88,000 to $114,000 through August 2024; interest at 4% and is payable semi-annually on February 15th and August 15th. On August 15, 2024 the interest rate will be reset and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building (NOTE 5) has been pledged to pay bond principal and interest.	$ 4,749,000
Charter School Revenue Refunding Bonds, Series 2014 B, due in semi-annual installments ranging from $26,000 to $33,000 through August 2024; interest at 4% and is payable semi-annually on February 15th and August 15th. On August 15, 2024 the interest rate will be reset and principal and interest payments adjusted. The bonds are subject to mandatory sinking fund requirements. Revenue from the rental of the building (NOTE 5) has been pledged to pay bond principal and interest.	1,378,413
Current portion of bonds payable	(229,065)
	$ 5,898,348

The annual debt service requirements to amortize all outstanding bonds as of June 30, 2017, are as follows:

Year Ending	Principal	Interest	Total
June 30, 2018	$ 229,065	$ 242,828	$ 471,894
June 30, 2019	238,320	233,575	471,894
June 30, 2020	247,947	223,947	471,894
June 30, 2021	257,965	213,929	471,894
June 30, 2022	268,387	203,507	471,894
June 30, 2023 - 2027	1,513,607	845,864	2,359,471
June 30, 2028 - 2032	1,845,079	514,392	2,359,471
June 30, 2033 - 2036	1,527,043	124,582	1,651,625
Total	$ 6,127,413	$ 2,602,624	$ 8,730,037

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds payable	$ 6,347,589	$ -	$ (220,176)	$ 6,127,413	$ 229,065
Total bonds payable	$ 6,347,589	$ -	$ (220,176)	$ 6,127,413	$ 229,065

Note 5 - Lease

The School has entered into a 60 month lease obligation for copier rentals. Future projected lease payments for the years ending as of June 30, are as follows:

2018	$ 51,312
2019	51,312
2020	51,312
2021	51,312
	$ 205,248

Additionally, the School leases its buildings and certain equipment from the Building Corporation. The building lease agreement requires monthly payments to the Building Corporation which approximate the required debt service payments (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 recognized by the School and rental income recognized by the Building Corporation was approximately $472,000 for the year ended June 30, 2017.

Future projected lease payments for the years ending as of June 30, are as follows:

2018	$	471,894
2019		471,894
2020		471,894
2021		471,894
2022		471,894
2023-2027		2,359,471
2028-2032		2,359,471
2033-2036		1,651,625
	$	8,730,037

The lease includes certain restrictive covenants which apply to the School related to maintaining specific minimum amounts of unrestricted cash, working capital and fund balance. The School was in compliance with the covenants at June 30, 2017; however they did not report such calculations to the Trustee in the timelines specified in the agreement.

Note 6 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit 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.

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), 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 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.

Contributions. Eligible employees and Ridgeview Classical Schools 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:

	Year Ended		
	December 31,		June 30
	2016	2017	2017
Employer contribution rate	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to Health Care Trust Fund	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%
Amortization equalization disbursement	4.50%	4.50%	4.50%
Supplemental amortization equalization disbursement	4.50%	5.00%	5.00%
Total employer contribution rate to SCHDTF	18.13%	18.63%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Ridgeview Classical Schools is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Ridgeview Classical Schools were $569,459 for the year ended June 30, 2017.

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

At June 30, 2017, the Ridgeview Classical Schools reported a liability of $20,325,260 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Ridgeview Classical Schools proportion of the net pension liability was based on Ridgeview Classical Schools' contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the Ridgeview Classical Schools proportion was .06827%, which was a decrease of .0000732% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Ridgeview Classical Schools recognized pension expense of $3,306,501. At June 30, 2017, the Ridgeview Classical Schools 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
Net difference between projected and actual earnings on pension plan investments	$ 679,634	$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions	29,729	16,004
Changes of assumptions or other inputs	6,595,123	91,657
Difference between expected and actual experience	254,097	179
Contributions subsequent to measurement date	290,327	-
	$ 7,848,910	$ 107,840

$290,327 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 Ending June 30:	
2018	$ 2,976,223
2019	2,985,938
2020	1,479,352
2021	9,230
	$ 7,450,743

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

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

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

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

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

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

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

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

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

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

Asset Class	Target Allocation	10 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%**	

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

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

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

- Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of Ridgeview Classical Schools 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 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	Decrease of 1% (4.26%)	Current Discount Rate (5.26)%	Increase of 1% (6.26%)
Proportionate share of the net pension liability	$ 25,585,751	$ 20,325,260	$ 16,080,303

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.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description - Employees of the Ridgeview Classical Schools that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The School does not contribute to this plan on behalf of its employees.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Ridgeview Classical Schools 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 Ridgeview Classical Schools 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 Ridgeview Classical Schools 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 July 01, 2016 and each of the two preceding year ends, the Ridgeview Classical Schools contributions to the HCTF were $31,250, $30,800 and $29,900, respectively, equal to their required contributions for each year.

Supplementary Plan

The School has an optional supplemental defined contribution 401(k) plan. Employees are eligible to participate upon employment. Employees may contribute any percentage of their gross wages to the plan. For years of employment zero to four, the School will match 2% of the employee contribution, year five up to 3%, year six up to 4%, and years seven or more, the School will match up to 5% of the employee contribution. The School may change their contribution or terminate the plan at any time at the School's discretion. The School's total contribution to the plan for the year ending June 30, 2017, was approximately $111,000.

Note 7 - 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 including workers compensation and employee health and accident insurance. Settled claims have not exceeded this coverage since inception. Beginning May 1, 2017, the School entered into a new commercial insurance plan, where in addition to the annual premium they are also liable to cover cumulative claims up to approximately $207,500 for the plan year of May 1, 2017 – April 30, 2018.

Note 8 - Net Position/ Fund Balance Classifications

The State of Colorado enacted a constitutional amendment effective December 31, 1992, to limit increases in government revenues. The limitation generally restricts growth in revenue of a governmental entity (excluding enterprise operations) to a base amount plus increases for growth and inflation. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending, excluding bonded debt service. On November 3, 1998, voter approval was given to Poudre School District to remove the restriction on growth in revenue effective beginning the fiscal year ended June 30, 1998. The 3% emergency reserve is, however, still required both at the District and the School's level. At June 30, 2017, the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance. The reserve at June 30, 2017 was $190,838. The general fund also reported nonspendable fund balance of $31,543 related to prepaid expenses.

The student activities fund reported restricted fund balance of $192,798 for specific student activity purposes. The remaining amount of fund balance, $277,404, in the student activities fund was assigned by management for student activity purposes.

Note 9 - Subsequent Event

The School is funded based on the level of per pupil 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 2, 2017), there were 664.96 students enrolled. This is a decrease of approximately 81 full time equivalent students. The PPR rate for the fiscal year ended June 30, 2018 is $7,277. As a result of the decline in enrollment, the School is anticipating approximately $590,000 less in PPR funding. The school is currently taking necessary measures to ensure it will continue to meet budgetary requirements.

Note 10 – Reissuance

Subsequent to the issuance of the School's financial statements an error in an account classification was discovered that overstated Per Pupil Funding revenue and Operations and Maintenance expense in the General Fund and Governmental Activities. The financial statements have been adjusted to correct the error, as summarized below.

	General Fund			Governmental Activities		
	As previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
Per Pupil funding	$ 6,004,779	$ (153,540)	$ 5,851,239	$ 6,004,779	$ (153,540)	$ 5,851,239
Total Revenues (general fund)	6,380,575	(153,540)	6,227,035			
Total General Revenues (governmental activities)				6,074,604	(153,540)	5,921,064
Operations and maintenance expense	518,877	(153,540)	365,337	518,877	(153,540)	365,337
Total Expenditures (expenses)	6,361,253	(153,540)	6,207,713	9,994,304	(153,540)	9,840,764

The School's budget to actual report for the general fund has also been updated for these corrections. After the above adjustment the School still had expenditures that exceeded the final adopted budget amount.

Required Supplemental Information
June 30, 2017

Ridgeview Classical Schools

	Original Budget	Final Budget	Actual Amount	Variances - Over (Under)
Revenue				
Per pupil funding	$ 5,884,187	$ 5,802,856	$ 5,851,239	$ 48,383
Capital construction fundings	193,020	210,286	207,243	(3,043)
Tuition	44,104	44,104	55,961	11,857
Interest income	8,000	9,000	10,720	1,720
Other revenue	-	36,500	101,872	65,372
Total revenue	6,129,311	6,102,746	6,227,035	124,289
Expenditures				
Current				
Instruction	3,955,592	4,092,480	4,139,296	46,816
Operations and maintenance	319,000	298,900	365,337	66,437
General administration-gross	1,612,947	1,582,727	1,526,861	(55,866)
Capital outlay	241,180	210,286	176,219	(34,067)
Total expenditures	6,128,719	6,184,393	6,207,713	23,320
Excess (deficiency) of revenues over (under) expenditures	592	(81,647)	19,322	100,969
Net change in fund balance	592	(81,647)	19,322	100,969
Fund balance - beginning	1,503,144	1,503,144	1,503,144	-
Fund balance - ending	$ 1,503,736	$ 1,421,497	$ 1,522,466	$ 100,969

Note 1 – Budgets and Budgetary Accounting

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United State of America (US GAAP). The Schools adopt a legal budget for its general fund. All appropriations lapse at year-end.

The level on which expenditures may not legally exceed appropriations is the fund level. Expenditures may not exceed the appropriation levels for legally adopted budgets. Revisions to an appropriation require approval by the Board at a public meeting, with prior published notice of the proposed change.

Budget amounts included in the financial statements are based on the final general fund budget as approved by the Board on March 20, 2017.

Measurement Date (December 31)	2017	2016	2015
School's Cumulative Proportion of the Net Pension Liability	0.06826544%	0.06833859%	0.06832582%
School's Cumulative Proportionate Share of the Net Pension Liability	$ 20,325,260	$ 10,451,906	$ 9,260,445
School's Covered Payroll	$ 3,025,893	$ 2,978,180	$ 2,861,200
School's Cumulative Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	672%	351%	324%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.1%	62.8%	62.8%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

Fiscal year ended (June 30)	2017	2016	2015
Statutorily Required Contribution	$ 569,459	$ 552,207	$ 523,863
Contributions in Relation to the Statutorily Required Contribution	569,459	552,207	523,863
Contribution Deficiency (Excess)	$ -	$ -	$ -
School's Covered Payroll	$ 3,071,228	$ 3,021,489	$ 2,904,695
Contributions as a Percentage of Covered Payroll	18.5%	18.3%	18.0%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.