MONUMENT ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

MONUMENT ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT	**1**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**4**
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	**10**
STATEMENT OF ACTIVITIES	**11**
BALANCE SHEET GOVERNMENTAL FUNDS	**12**
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	**13**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS	**14**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	**15**
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES PUPIL ACTIVITY FUND	**16**
NOTES TO FINANCIAL STATEMENTS	**17**
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	**35**
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –SPECIAL REVENUE FUND	**36**
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –PRESCHOOL FUND	**37**
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	**38**
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS	**39**
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	**40**
SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – PUPIL ACTIVITY FUND	**41**
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	**42**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Monument Academy Charter School
Monument, 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 Monument Academy Charter School, a component unit of Lewis-Palmer School District #38, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require 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 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 Monument Academy Charter School as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, budgetary comparison information and pension information on pages 4-9 and 35-39 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 Monument Academy Charter School's basic financial statements. The Schedule of Changes in Assets and Liabilities – Pupil Activity Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities – Pupil Activity Fund 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 Schedule of Changes in Assets and Liabilities – Pupil Activity Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Monument Academy Charter School

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of Monument Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monument Academy Charter School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
August 25, 2017

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

Financial Highlights

The assets and deferred outflows of resources of the Monument Academy Charter School were less than its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $12,616,627 (net position). Due to the recent requirement that charter schools and districts report their proportionate share of PERA's pension liability, liabilities include $23,757,195 of net pension liability.

At the close of the fiscal year, the Monument Academy Charter School's governmental funds reported a combined ending fund balance of $3,197,021.

Overview of Financial Statements

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the Monument Academy Charter School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Also, due to the recent requirement that charter schools and districts report their proportionate share of PERA's pension liability, liabilities include $23,757,195 of net pension liability.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Monument Academy Charter School is improving or deteriorating. The net position is, however, negatively impacted by the net pension liability and depreciation.

The statement of activities presents information showing how the Monument Academy Charter 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 (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

The government-wide statement of activities distinguishes functions/programs of the Monument Academy Charter School supported primarily by per pupil revenue (PPR). The governmental activities of the Monument Academy Charter School include instruction, supporting services expense, and interest on long-term debt.

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. Monument Academy Charter School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Monument Academy Charter School are included in the following categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Monument Academy Charter 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.

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

Monument Academy Charter School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund, Special Revenue Fund and Preschool Fund to demonstrate compliance with the budget.

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

Preschool Fund: The Preschool Fund is the fund, which accounts for preschool tuition revenue and preschool instruction expenditures.

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 17-34.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Monument Academy Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $(12,616,627) at the close of the most recent fiscal year. Also noted earlier, liabilities include more than $23,757,195 of net pension liability.

Monument Academy Charter School's Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	$ 3,819,859	$ 3,821,175
Capital Assets	10,200,019	10,396,519
Deferred Outflows of Resources	12,079,940	4,064,916
Total Assets and Deferred Outflows of Resources	26,099,818	18,282,610
Liabilities:		
Current	760,848	823,721
Long-term Liabilities	37,815,802	25,759,947
Deferred Inflows of Resources	139,795	239,278
Total Liabilities and Deferred Inflows of Resources	38,716,445	26,822,946
Net Position:		
Net Investment in Capital Assets	(960,923)	(1,063,784)
Restricted	627,073	604,018
Unrestricted	(12,282,777)	(8,080,570)
Total Net Position	$ (12,616,627)	$ (8,540,336)

The largest portion of the Monument Academy Charter School's assets (73%) is capital assets, less accumulated depreciation. Monument Academy Charter School's overall net position decreased by $4,076,291 during the fiscal year, this includes current year depreciation of $336,411 and current pension expense of $4,231,976.

Monument Academy Charter School's Change in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for Service	$ 522,879	$ 489,811
Operating Grant and Contributions	67,951	49,902
Capital Grant and Contributions	252,057	219,330
General Revenue:		
School Finance Act	6,381,508	5,887,236
Interest Earnings	8,336	7,381
Other	121,146	101,774
Total Revenues	7,353,877	6,755,434
Expenses:		
Governmental Activities:		
Instruction	6,980,182	4,595,714
Supporting Services	3,825,459	2,211,869
Interest Expense, Unallocated	624,527	631,154
Total Expense	11,430,168	7,438,737
Total Change in Net Position	(4,076,291)	(683,303)
Net Position - Beginning of Year	(8,540,336)	(7,857,033)
Net Position - End of Year	$ (12,616,627)	$ (8,540,336)

Per pupil funding increased due to an increase in student count compared to 2016, which increased Per Pupil Revenue (PPR) provided by the District. Instruction expenses increased based on increase in pay for teachers and staff. Support services were greater in FY17 due to increases in utilities and technology improvements.

Financial Analysis of the Government's Funds

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

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

Financial Analysis of the Government's Funds (Continued)

Unassigned fund balance for the General Fund at the end of the fiscal year is $1,499,801; total fund balance for the General Fund is $1,717,330. Total revenues during fiscal year 2016-17 were $7,156,755 with $6,381,508 (89%) related to Per Pupil Revenue (PPR). During fiscal year 2016-2017, Monument Academy Charter School reported a funded student count of 908. During fiscal year 2015-2016, the School reported a student count of 848. There was an increase of 60 in student count.

General Fund Budgetary Highlights

The Monument Academy Charter School approves a preliminary budget no later than April 15th based on enrollment projections for the following year. Adjustments are made to the original budget after the official student count of October 1st. The Monument Academy Charter School approves an amended and/or supplemental budget during the year to true up the beginning fund balance and reflect adjustment, including the adjustment to the actual student count.

Original General Fund Budget was $6,568,161, and it was adjusted to $7,128,423. Actual expenditures, including transfers out, were below the appropriated amount by $25,064.

Capital Asset and Debt Administration

Capital Assets: Including the building and land of the Monument Academy Charter School, capital assets net of accumulated depreciation was $10,200,019. During fiscal year 2017, capital assets were held by the Monument Building Corporation. Accounting for the Corporation is represented in the Special Revenue Fund of the financial statements.

Long-term Lease: The Monument Academy Charter School participates in a long-term debt service agreement with Colorado Educational and Cultural Facilities Authority (CECFA). This agreement was entered into for the purpose of constructing the education facilities used by the Monument Academy Charter School.

During December 2014, the School entered into a refunding transaction whereby the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,265,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the School to construct the education facilities used by the School. The School is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The School is required to make loan payments to the Trustee, for the payment of the bonds. The bonds accrue interest at rates ranging from 2% to 5% per annum. Interest payments are due semi-annually on April 1st and October 1st. Principal payments are due annually on October 1st.

General Comments

During the 2017 fiscal year, Monument Academy Charter School progressed in several areas. The funded student count increased approximately 7% from the prior year, and per pupil revenue increased 1.6% from the prior year. State grant revenue increased approximately 18.9% from the 15/16 fiscal year, as well. After an evaluation of the school's technology systems, the school's technology was enhanced through several major projects. These projects were core network upgrades, wireless network upgrades, a computer replacement project, and a server project. The core network and wireless network projects were originally funded by a five-year lease. Monument Academy Charter School paid off that lease in June 2017. French was added to the foreign language program.

General Comments (Continued)

The Library had increases in staff and materials. The Athletic Director position was increased to full time. Monument Academy Charter School believes in investing in its staff and was able to provide ample salary increases. Monument Academy continued to develop its Character First program, endeavoring to build tomorrow's leaders, and the teachers experienced high quality professional development from leading experts in their fields. The Monument Academy Charter School received the John Irwin School of Excellence Award which is given to top performing schools by the governor of Colorado.

Requests for Information

This financial report is designed to provide a general overview of the Monument Academy Charter School's finances for all those with an interest in the Monument Academy Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nancy Tive, Director of Finance, Monument Academy Charter School, 1150 Village Ridge Pt, Monument, Colorado 80132.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and Investments	$ 2,331,191
Restricted Cash and Investments:	1,479,691
Accounts Receivable	8,977
Capital Assets:	
Land	718,527
Buildings and Improvements	12,192,061
Equipment	21,319
Accumulated Depreciation	(2,731,888)
Total Assets	14,019,878
DEFERRED OUTFLOW OF RESOURCES	
Related to Refunding	1,940,767
Related to Pension	10,139,173
Total Deferred Outflow of Resources	12,079,940
LIABILITIES	
Accounts Payable	42,195
Accrued Salaries and Benefits	512,010
Accrued Interest Payable	138,010
Unearned Revenue	68,633
Noncurrent Liabilities:	
Due in Less Than One Year	380,000
Due in More Than One Year	13,678,607
Net Pension Liability	23,757,195
Total Liabilities	38,576,650
DEFERRED OUTFLOW OF RESOURCES	
Related to Pension	139,795
Total Deferred Outflow of Resources	139,795
NET POSITION	
Net Investment in Capital Assets	(960,923)
Restricted for:	
TABOR	217,529
Debt Service	289,458
Repairs and Replacement	120,086
Unrestricted	(12,282,777)
Total Net Position	$ (12,616,627)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 6,980,182	$ 522,879	$ 67,951	$ 252,057	$ (6,137,295)
Supporting Services	3,825,459	-	-	-	(3,825,459)
Interest on Long-Term Debt	624,527	-	-	-	(624,527)
Total Governmental Activities	$ 11,430,168	$ 522,879	$ 67,951	$ 252,057	(10,587,281)
GENERAL REVENUES					
School Finance Act					6,381,508
Investment Earnings					8,336
Other					121,146
Total General Revenues					6,510,990
CHANGE IN NET POSITION					(4,076,291)
Net Position - Beginning of Year					(8,540,336)
NET POSITION - END OF YEAR					$ (12,616,627)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2017

	General	Special Revenue	Preschool Fund	Total
ASSETS				
Cash and Investments	$ 2,331,191	$ -	$ -	$ 2,331,191
Restricted Cash and Investments	-	1,479,691	-	1,479,691
Accounts Receivable	8,977	-	-	8,977
Due from Other Funds	-	-	54,418	54,418
Total Assets	$ 2,340,168	$ 1,479,691	$ 54,418	$ 3,874,277
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 42,195	$ -	$ -	$ 42,195
Accrued Salaries and Benefits	492,195	-	19,815	512,010
Unearned Revenues	34,030	-	34,603	68,633
Due to Other Funds	54,418	-	-	54,418
Total Liabilities	622,838	-	54,418	677,256
FUND BALANCES				
Restricted for:				
TABOR	217,529	-	-	217,529
Debt Service	-	1,359,605	-	1,359,605
Repairs and Replacement	-	120,086	-	120,086
Unassigned	1,499,801	-	-	1,499,801
Total Fund Balances	1,717,330	1,479,691	-	3,197,021
Total Liabilities and Fund Balances	$ 2,340,168	$ 1,479,691	$ 54,418	$ 3,874,277

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Fund Balances - Total Governmental Funds	$ 3,197,021
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	10,200,019
Long-term liabilities, including capital leases and loans payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Loan Payable	(14,033,846)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period.	(138,010)
Net Pension Liability	(23,757,195)
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	374,126
Changes in Assumptions	7,708,715
Difference Between Expected and Actual Experience	297,001
Change in Proportionate Share	964,940
Difference Between Expected and Actual Investment Earnings	794,391
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Difference Between Expected and Actual Experience	(209)
Changes in Assumptions	(107,133)
Change in Proportionate Share	(32,453)
Loss on bond refunding not available to pay current expenditures and, therefore, classified as a deferred outflow of resources in the funds:	
Deferred Loss on Bond Refunding	1,940,767
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(24,761)
Net Position in Governmental Activities	$ (12,616,627)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Special Revenue	Preschool Fund	Total
REVENUES				
Local Sources	$ 6,719,593	$ -	$ -	$ 6,719,593
State Sources	299,829	-	-	299,829
Federal Sources	8,512	-	-	8,512
Investment Income	7,675	661	-	8,336
Other	121,146	-	196,461	317,607
Total Revenues	7,156,755	661	196,461	7,353,877
EXPENDITURES				
Current:				
Instruction	3,364,397	-	181,299	3,545,696
Support Services	2,667,663	-	15,162	2,682,825
Capital Outlay	139,911	-	-	139,911
Debt Service:				
Principal Payments	-	370,000	-	370,000
Interest and Fiscal Charges	-	555,738	-	555,738
Total Expenditures	6,171,971	925,738	196,461	7,294,170
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	984,784	(925,077)	-	59,707
OTHER FINANCING SOURCES (USES)				
Transfers to Special Revenue Fund	(931,388)	931,388	-	-
Total Other Financing Sources (Uses)	(931,388)	931,388	-	-
NET CHANGE IN FUND BALANCES	53,396	6,311	-	59,707
Fund Balances - Beginning of Year	1,663,934	1,473,380	-	3,137,314
FUND BALANCES - END OF YEAR	$ 1,717,330	$ 1,479,691	$ -	$ 3,197,021

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Change in Fund Balances - Total Governmental Funds	$ 59,707
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(196,500)
The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Amortization of Premiums, Loss on Refundings	(70,639)
Principal Payments	370,000
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:	
Pension Expense	(4,231,976)
Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.	1,850
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,733)
Governmental Activities Change in Net Position	$ (4,076,291)

See accompanying Notes to Financial Statements.

MONUMENT ACADEMY CHARTER SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
JUNE 30, 2017

	Pupil Activity Fund
ASSETS	
Cash and Investments	$ 102,624
Total Assets	$ 102,624
LIABILITIES	
Due to Student Groups	$ 102,624
Total Liabilities	$ 102,624

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

The School has been determined to be a component unit of Lewis-Palmer #38 School District (the District).

For financial reporting purposes, in conformance with GASB, the School includes all funds, agencies, boards, and commissions that are controlled by or dependent on its Board of Directors. Control by or dependence on the School was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the School, obligation of the School to finance any debts that may occur, or receipt of significant subsidies from the School.

The School has an affiliated finance corporation that was formed to provide facilities, equipment, and other support to the School.

Blended Component Units

The School includes the Monument Academy Building Corporation (the Corporation) within its reporting entity. The Corporation was formed to hold title to property and facilitate the operations of the School and support other organizations, projects, and initiatives that are organized and operated for similar purposes. The Corporation is blended into the School's financial statements as a Special Revenue Fund. The Corporation does not issue separate financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

Major Governmental Funds

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

Special Revenue Fund – The Special Revenue Fund is the fund which accounts for the debt payments, interest revenue, and repair and maintenance expenditures for the building.

Preschool Fund – The Preschool Fund is the fund, which accounts for preschool tuition revenue and preschool instruction expenditures.

Fiduciary Fund – The Pupil Activity Fund is an agency fund used to record financial transactions related to School-sponsored organizations and activities. These activities are self-supporting and do not receive any direct or indirect School support.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end. For this purpose, the School considers grant revenues and other revenues to be available if they are collected within 60 days of year-end.

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

Expenditures are recorded when incurred with the exception of the loan payable, capital lease debt service, and certain accrued sick and personal pay, which are accounted for as expenditures when due.

The School’s agency fund applies the accrual basis of accounting, but does not have a measurement focus.

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.

Investments

Investments are reported at amortized cost.

Capital Assets

Capital assets, which include property and equipment, are utilized for general School operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated acquisition cost at the time of donation. Capital assets are reported in the governmental activities column in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental funds are sold, the proceeds of the sale are recorded as revenues in the appropriate fund.

The monetary threshold for capitalization of assets is $5,000. The School’s capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation of all capital assets is charged as an expense against operations.

Estimated useful lives are:

Buildings and improvements	10 - 40 years
Equipment	10 years

Premiums

Premiums are being amortized over the terms of the loan using the straight-line method.

Compensated Absences

School policy allows eligible employees to carry forward a maximum number of unused temporary leave days to be used in the following year. Twelve-month administrative and salaried employees, employed by the School for at least five years, may carry forward 60 vacation days. The School policy states that it will pay up to 10 days of unused leave in excess of the 60 days at the following rates: Exempt employees at $50 per day; Nonexempt employees at 25 percent of their current hourly rate.

Upon resignation, departing employees with 10 continuous years of full-time service will be paid for up to 30 days of accrued vacation at the rates outlined above. Departing employees with 15 years of continuous full-time service will be paid for up to 60 days of accrued vacation at the rates outlined above.

Net Position/Fund Balance

Fund balances are reported in classifications based on the extent to which the School is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, and 5) unassigned. Nonspendable fund balance represents assets that will never be converted to cash. Restricted fund balances reflect resources that are subject to externally enforceable legal restrictions. Committed fund balance is the portion that is limited in use by the Board of Directors. Assigned fund balances include amounts that are subject to a purpose constraint that represents an intended use, but does not meet the criteria to be classified as restricted or committed. Formal Board action is required to remove or adjust this limitation. Unassigned fund balance for the general fund represents the net resources in excess of the prior classifications. For all classifications of fund balance, the School considers the amount spent when an expenditure is incurred when fund balance is available and can be used.

When restricted, committed, assigned, and unassigned resources are available for use, it is the School’s policy to use restricted, then committed, then assigned resources first, then unassigned resources, as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Net Position is classified in the accompanying financial statements as follows:

Net investment in capital assets represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such as amounts are not included as a component of net investment in capital assets

Restricted Net Position reflects resources that are subject to externally enforceable legal restrictions.

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

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9). $217,529 of the fund balance and net position have been restricted in compliance with this requirement.

Debt service and repairs and replacement restrictions have been provided for as required by the building loan agreements (see Note 2 for restricted cash and Note 5 for the building loan). As of June 30, 2017, $1,359,605 and $120,086 of fund balance have been restricted.

Budgets and Budgetary Accounting

Budgets are legally adopted for the General and Special Revenue Funds of the School on a basis consistent with generally accepted accounting principles (GAAP).

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

- By April 13, management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- By April 14, the budget is adopted by the Board of Directors.
- By April 15, the adopted budget is submitted to the District.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors
- All budgets lapse at fiscal year-end

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. The School did not over spend its fiscal year 2017 budget.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash and investments are reflected on the June 30, 2017 statement of net position as the following:

Cash and Investments per the Government-wide Statement of Net Position		
Cash and Deposit	$	2,331,191
Restricted Cash and Investments		1,479,691
Cash and Investments per the Fiduciary Statement of Assets and Liabilities		
Agency Fund		102,624
	$	3,913,506

Cash Deposits	$	2,433,815
Investments		1,479,691
	$	3,913,506

Cash Deposits

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

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

At June 30, 2017, the School had deposits with financial institutions with a carrying amount of $2,433,815.

Investments

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

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

NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Colorado revised statutes, generally limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local governments, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of June 30, 2017, the School had the following investments:

Investment	Maturity Less Than One Year	Maturity 1 - 5 Years	Maturity 6-10 Years	Standard & Poor's Rating	Total	Concentration
Cavanal Hill						
Money Market	$ 1,479,691	$ -	$ -	AAAm	$ 1,479,691	100.0%
Total	$ 1,479,691	$ -	$ -		$ 1,479,691	100.0%

The School had invested $1,479,691 in money market accounts with Bank of Arizona. A designated custodial bank provides safekeeping and depository services in connection with these money market accounts. Money market investments are exempt for fair value measurement and are measured at amortized cost.

Interest Rate Risk

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

Credit Risk

State law does not limit investment to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments including bank obligation, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Restricted Cash and Investments

Cash in the amount of $1,479,691 is restricted in the Special Revenue Fund (the Corporation) for debt service requirements. This balance is made up of accounts set up for the payment of principal and interest with a balance of $427,160. A second account is made up of a bond reserve requirement that has a balance of $932,445. Another account is made up of a reserve for repairs and maintenance that has a balance of $120,086.

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Non-Depreciable Assets				
Land	$ 718,527	$ -	$ -	$ 718,527
Total Non-Depreciable Assets	718,527	-	-	718,527
Depreciable Assets				
Buildings and Improvements	12,052,150	139,911	-	12,192,061
Equipment	21,319	-	-	21,319
Total Depreciable Assets	12,073,469	139,911	-	12,213,380
Less Accumulated Depreciation				
Buildings and Improvements	(2,381,229)	(334,279)	-	(2,715,508)
Equipment	(14,248)	(2,132)	-	(16,380)
Total Accumulated Depreciation	(2,395,477)	(336,411)	-	(2,731,888)
Total Capital Assets, Net	$ 10,396,519	$ (196,500)	$ -	$ 10,200,019

Depreciation expense in the amount of $336,411 was charged to the instructional function expense.

NOTE 4 ACCRUED SALARIES AND BENEFITS

Salaries and benefits of certain contractually employed personnel are paid over a 12-month period from September to August, but are earned during a School year of approximately 10 to 11 months. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 5 LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2017 were as follows:

	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due Within One Year
Governmental Activities					
Compensated Absences	$ 16,028	$ 33,771	$ 25,038	$ 24,761	$ -
Building Loans	14,050,000	-	370,000	13,680,000	380,000
Building Loans Premium	369,573	-	15,727	353,846	-
Total	$ 14,435,601	$ 33,771	$ 410,765	$ 14,058,607	$ 380,000

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

During December 2014, the School entered into a refunding transaction whereby the Colorado Educational and Cultural Facilities Authority (CECFA) issued $14,265,000 Charter School Revenue Bonds. The School is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The School is required to make loan payments to the Trustee, for the payment of the bonds. The bonds accrue interest at rates ranging from 3.625% to 5.00% per annum. Interest payments are due semi-annually on April 1st and October 1st. Principal payments are due annually on October 1.

The following schedule reflects the debt service requirements to maturity of the School's debt as of June 30, 2017:

	Principal	Interest	Total
2018	$ 380,000	$ 552,038	$ 932,038
2019	390,000	540,637	930,637
2020	400,000	528,938	928,938
2021-2026	2,260,000	2,391,287	4,651,287
2026-2030	2,745,000	1,902,224	4,647,224
2031-2035	3,365,000	1,283,550	4,648,550
2036-2040	4,140,000	509,800	4,649,800
	$ 13,680,000	$ 7,708,474	$ 21,388,474

The District has issued bonds for the purpose of refunding portions of the 2007 bonds and the 2008 bonds.The proceeds of these bonds were placed in an irrevocable trust to provide the future debt service payments on the old bonds. The trust account assets and the liabilities for the defeased debt and respective assets and liabilities are as follows:

Refuding Series	Amount Financed	Escrow Disbursement Completion	Assets in Trust	Principal Outstanding
2007	$ 12,190,000	October, 2017	$ 10,893,872	$ 10,585,000
2008A	1,545,000	October, 2018	1,590,745	1,545,000

During November 2016, the School entered into a capital lease for IT equipment with First National Bank of Las Animas/Monument for $94,306 with a maturity date of November 19, 2021. The School paid off the balance in June, 2017. The interest expenditure was $1,787 and reported in the General Fund as supporting services.

As of June 30, 2017, the School had no outstanding liability for capital leases.

NOTE 6 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/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.

General Information about the Pension Plan

Plan description: Eligible employees of the School are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/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, 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 requirement 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled. 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 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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Health Care Trusnt Fund as specified in C.R.S. § 24-51-208(1)(f)[1]	-1.02%	-1.02%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411[1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411[1]	5.00%	4.50%
Total Employer Contribution Rate to the SCHDTF[1]	18.63%	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 the School were $718,085 for the year ended June 30, 2017.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2017, the School reported a liability of $23,757,195 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The School's proportion of the net pension liability was based on the School's 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 School's proportion was 0.0797921055%, which was a increase of 0.0057491557% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $4,231,976. At June 30, 2017, Monument Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 297,001	$ 209
Changes of Assumptiosn or Other Inputs	7,708,715	107,133
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	794,391	-
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	964,940	32,453
Contributions Subsequent to the Measurement Date	374,126	-
Total	$ 10,139,173	$ 139,795

An amount of $374,126 was 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, 2018. 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,	
2018	$ 3,917,498
2019	3,865,729
2020	1,834,101
2021	7,924
2022	-
Thereafter	-
	$ 9,625,252

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions: Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. 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
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

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 one year, and females set back two 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.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity	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 5.26 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.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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 GASB Statement No. 67 projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 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 GASB Statement No. 67 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.

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 5.26%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.26%) or one percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate Share of the Net Pension Liability	$ 29,873,910	$ 23,757,195	$ 18,775,353

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.

NOTE 7 POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description: The Monument Academy Charter 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 Monument Academy Charter 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 Monument Academy Charter School are established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015, the Monument Academy Charter School contributions to the HCTF were $40,212, $34,593, and $31,305, respectively, equal to their required contributions for each year.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 10 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The School maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Local Sources				
Per Pupil Funding	$ 5,961,674	$ 6,401,202	$ 6,381,508	$ (19,694)
Tuition	466,500	330,000	326,418	(3,582)
Contributions	9,400	11,500	11,667	167
State Sources				
Capital Construction	205,452	233,744	252,057	18,313
Grants	32,046	47,771	47,772	1
Federal Sources				
Education Jobs Fund	8,222	8,512	8,512	-
Investment Income	7,400	7,200	7,675	475
Other	9,000	88,494	121,146	32,652
Total Revenue	6,699,694	7,128,423	7,156,755	28,332
EXPENDITURES				
Salaries	3,433,842	3,870,016	3,873,517	(3,501)
Employee Benefits	1,152,669	1,259,042	1,203,104	55,938
Purchased Services	772,812	670,212	388,752	281,460
Supplies and Materials	199,300	231,550	382,731	(151,181)
Property	26,000	121,500	299,899	(178,399)
Other	18,525	19,715	23,968	(4,253)
Total Expenditures	5,603,148	6,172,035	6,171,971	64
OTHER FINANCING SOURCES (USES)				
Transfers	(965,014)	(956,388)	(931,388)	25,000
Total Other Financing Sources (Uses)	(965,014)	(956,388)	(931,388)	25,000
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	131,532	-	53,396	53,396
Fund Balance - Beginning of Year	1,715,072	1,663,934	1,663,934	-
FUND BALANCE - END OF YEAR	$ 1,846,604	$ 1,663,934	$ 1,717,330	$ 53,396

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Investment Income	$ 150	$ 150	$ 661	$ 511
Total Revenue	150	150	661	511
EXPENDITURES				
Debt Services				
Principal Retirements	370,000	370,000	370,000	-
Interest and Fiscal Charges	555,738	693,748	555,738	138,010
Capital Outlay	-	-	-	-
Total Expenditures	925,738	1,063,748	925,738	138,010
OTHER FINANCING SOURCES (USES)				
Transfers	931,388	931,388	931,388	-
Total Other Financing Sources (Uses)	931,388	931,388	931,388	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	5,800	(132,210)	6,311	138,521
Fund Balance - Beginning of Year	1,333,689	1,473,380	1,473,380	-
FUND BALANCE - END OF YEAR	$ 1,339,489	$ 1,341,170	$ 1,479,691	$ 138,521

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PRESCHOOL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Preschool Tuition & Fees	$ 188,000	$ 199,000	$ 196,461	$ (2,539)
Total Revenue	188,000	199,000	196,461	(2,539)
EXPENDITURES				
Salaries	138,471	148,667	140,278	8,389
Employee Benefits	40,536	40,536	41,021	(485)
Purchased services	8,993	9,797	15,162	(5,365)
Total Expenditures	188,000	199,000	196,461	2,539
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

	2016	2015	2014	2013
School's Proportion (Percentage) of the Collective Net Pension Liability (Asset)	0.0797921055%	0.0740429498%	0.0674786414%	0.0688235111%
School's Proportionate Share of the Collective Pension Liability (Asset)	$ 23,757,195	$ 11,324,346	$ 9,145,623	$ 8,778,420
Covered Payroll	3,585,550	3,232,068	2,757,747	2,796,217
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	662.58%	350.37%	331.63%	313.94%
Plan Fiduciary Net Pension as a as a Percentage of the Total Pension Liability	43.10%	59.16%	62.80%	64.06%

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

MONUMENT ACADEMY CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

As of June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily Required Contributions	$ 718,085	$ 571,064	$ 524,873	$ 464,443	$ 441,195	$ 381,958	$ 308,650	$ 251,743	$ 225,017	$ 222,245
Contributions in Relation to the Statutorily Required Contributor	718,085	571,064	524,873	464,443	441,195	381,958	308,650	251,743	225,017	222,245
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	3,905,371	3,217,293	3,069,119	2,812,543	2,827,012	2,616,938	2,239,079	1,958,227	1,851,101	2,001,300
Contribution as a Percentage of Covered Payroll	18.39%	17.75%	17.10%	16.51%	15.61%	14.60%	13.78%	12.86%	12.16%	11.11%

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

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

Budgets for all governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). The School adopts a legal budget for all funds. 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.

MONUMENT ACADEMY CHARTER SCHOOL
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
PUPIL ACTIVITY FUND
YEAR ENDED JUNE 30, 2017

	Year Ended Balance June 30, 2016	Additions	Deletions	Ending Balance June 30, 2016
ASSETS				
Cash and Investments	$ 83,797	$ 209,194	$ 190,367	$ 102,624
Total Assets	$ 83,797	$ 209,194	$ 190,367	$ 102,624
LIABILITIES				
Due to Student Groups	$ 83,797	$ 209,194	$ 190,367	$ 102,624
Total Liabilities	$ 83,797	$ 209,194	$ 190,367	$ 102,624

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

Board of Directors
Monument Academy Charter School
Monument, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monument Academy Charter School, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Monument Academy Charter School's basic financial statements, and have issued our report thereon dated August 25, 2017.

Internal Control Over Financial Reporting

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

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

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

Board of Directors
Monument Academy Charter School

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
August 25, 2017