BOULDER PREPARATORY HIGH SCHOOL

FINANCIAL STATEMENTS

June 30, 2015

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BOULDER PREPARATORY HIGH SCHOOL

ROSTER OF SCHOOL OFFICIALS

June 30, 2015

BOARD MEMBERS

Peter Vigil, Chair

Donelda Mason, Treasurer

Manijeh Taherynia, Secretary

Gabriel Dillon, Member

Amber Garcia, Member

Vicki Nilles, Member

Alex Dennis, Non Voting Fellow

SCHOOL MANAGEMENT

Lili Adeli, Headmaster

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Boulder Preparatory High School
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Boulder Preparatory High School, a component unit of Boulder Valley School District, as of and for the year ended June 30, 2015, which collectively comprise Boulder Preparatory High 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Boulder Preparatory High School as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 5 to the financial statements, Boulder Preparatory High School adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement* Date, an amendment of GASB Statement No. 68. As a result of the implementation of GASB Statement No. 68 as described in Note 8 to the financial statements, Boulder Preparatory High School reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Separate Charter School

Boulder Preparatory High School has a separate charter school contract with Boulder Valley School District. The Colorado Department of Education requires each School to provide separate audited financial statements. As described in Note 1, the majority of the School's funding is provided by the District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii – viii and budgetary comparison information on page 20 and the pension schedules on pages 21-22 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
November 13, 2015

BOULDER PREPARATORY HIGH SCHOOL

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2015

As management of Boulder Preparatory High School ("the School"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

The School was formed in 1996 and was granted a charter by the Boulder Valley School District RE-2 ("the District") in 1997.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $1,439,193 (net position deficit).
- Total net position increased $91,093 during 2015.
- At the close of the current fiscal year, the School's governmental fund reported fund balance of $212,901, a decrease of $3,715 from the prior year. Approximately 85.5% of this amount, or $182,056, is available for spending at the government's discretion (unassigned fund balance), which represents approximately 14.7% of total general fund expenditures.

Overview of Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 1-2.

Fund Financial Statements Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, except that the focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Both the balance sheet and the statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

The governmental fund financial statements can be found on pages 3-4.

Notes to Basic Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 5-19.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position In the case of the School, liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year.

A portion of the School's net position ($296,015) reflects its investment in capital assets (e.g. land and buildings) less any related outstanding debt and was used to acquire those assets. The School uses capital assets to provide a variety of services to its students. Accordingly, these assets are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School's net position ($30,845) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a deficit of $1,766,053, which represents the portion that is unrestricted and would otherwise be used to meet the School's ongoing obligations.

Boulder Preparatory High School
Comparative Summary of Net Position

	Governmental Activities	
	2015	2014 (*)
Assets		
Current and other assets	$ 216,499	$ 217,508
Capital Assets	499,288	404,164
Total Assets	715,787	621,672
Deferred Outflows of Resources	95,416	-
Liabilities		
Other liabilities	3,598	892
Long-term liabilities	203,273	210,746
Net pension liability	1,877,247	-
Total Liabilities	2,084,118	210,746
Deferred Inflows of Resources	166,278	-
Net Position		
Net investment in capital assets	296,015	193,418
Restricted	30,845	35,404
Unrestricted	(1,766,053)	181,212
Total Net Position (*)	$ (1,439,193)	$ 410,034

(*) 2014 balances have not been restated for the implementation of GASB Nos. 68 and 71.

Net position is $2,037,001 less than the amount reported in the prior year, which is due primarily to a $1,940,320 restatement (reduction) of net position as of June 30, 2014 related to the implementation of GASB Nos. 68 and 71. As a result, the School reported a net pension liability of $1,877,247, deferred outflows of resources of $95,416 and deferred inflows of resources of $166,278 in the current year. Such balances were not required to be reported in the prior year.

After considering the restatement described above, net position increased $91,093 during 2015, the reasons for which are discussed below.

Boulder Preparatory High School
Comparative Summary of Changes in Net Position

		Governmental Activities		
		2015		2014 (*)
Revenues:				
Program Revenues				
Operating grants and contributions	$	274,234	$	187,774
Capital grants and contributions		45,150		-
General Revenues				
Per pupil revenues		668,805		673,406
District mill levy		204,993		222,088
At-risk supplemental aid		4,833		19,900
Grants and contributions not restricted		16,710		18,444
Capital construction		15,913		10,155
Other		1,687		329
Total revenues		1,232,325		1,132,096
Expenses:				
Instruction		635,661		806,206
Supporting services		497,578		411,400
Interest expense		7,993		6,659
Total expenses		1,141,232		1,224,265
Change in Net Position		91,093		(92,169)
Net Position, Beginning, as Restated		(1,530,286)		502,203
Net Position, Ending (*)	$	(1,439,193)	$	410,034

(*) 2014 balances have not been restated for the implementation of GASB Nos. 68 and 71.

Total revenues increased $100,229, or 8.9%, primarily as a result of increased grants and contributions towards the School's solar panel project ($44,000) and theater program ($20,000), in addition to an increase in the School Counselor Corporation grant of approximately $57,000. The School's primary source of revenue, per pupil revenues and mill levy overrides, flow from the District based upon the School's enrollment, both of which remained consistent with the prior year as there were no significant changes in enrolled students.

Total expenses decreased $83,033 (6.8%), due to various cost saving measures by management, in addition to the timing of when certain vacated positions were filled.

Financial Analysis of the General Fund

The focus of the School's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, an unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the school itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

At the end of the current fiscal year, unassigned fund balance of the general fund was $182,056, while total fund balance decreased by $3,715 to $212,901. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 14.7% of total general fund expenditures, while total fund balance represents approximately 17.2% of that same amount.

General Fund Budgetary Highlights

A General Fund Budgetary Schedule is located on page 20 of the financial statements.

Actual revenues exceeded budgeted revenues by $18,310, and actual expenditures were $112,133 less than budgeted expenditures, due primarily to the unspent reserve of $124,001.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets (net of depreciation) as of June 30, 2015, and 2014 are as follows.

Boulder Preparatory High School
Capital Assets (Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	$ 76,400	$ 76,400
Construction in Progress	-	41,275
Buildings and Improvements	373,126	286,489
Equipment	49,762	-
	$ 499,288	$ 404,164

Capital asset additions in the current year primarily consisted of the School's kitchen remodel.

Additional information on the School's capital assets can be found in Note 3 of the financial statements.

Long-Term Debt. The School's long-term debt as of June 30, 2015, and 2014 is as follows.

Boulder Preparatory High School
Long-term Debt

	Governmental Activities	
	2015	2014
Note Payable	$ 203,273	$ 210,746

The School made principal payments on the note of $7,473 during 2015.

Additional information on the School's long-term debt can be found in Note 4 of the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the School is student enrollment. Enrollment for the 2014-15 school year was 93 full-time equivalent (FTE) students. The enrollment projected for the 2015-16 school year 95 FTE students, which is lower than the 160 maximum FTE enrollment allowed by the School's contract with the District. The School's contract with the District provides funding of $7,243 per student in 2015-16, compared to $6,925 in 2014-15. Additionally, the School receives mill levy override and categorical revenue from the District on a per pupil basis. While these revenue sources remain relatively flat, for the sixth consecutive year the Colorado State Legislature continued to lower the statewide total funding by applying a negative factor to reduce total program funding received. The School may need to seek other local sources to balance its budget.

Requests for Information

This financial report is designed to provide a general overview of the finances for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Lili Adeli, M.B.A., M.Ed., Headmaster
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Boulder, CO 80301
liliadeli@boulderprep.org

BASIC FINANCIAL STATEMENTS

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Boulder Preparatory High School

STATEMENT OF NET POSITION

June 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 216,499
Capital Assets, Not Being Depreciated	76,400
Capital Assets, Net of Accumulated Depreciation	422,888
TOTAL ASSETS	715,787
DEFERRED OUTFLOWS OF RESOURCES	
Change in Investment Earnings	43,171
Contributions Subsequent to the Measurement Date	52,245
TOTAL DEFERRED OUTFLOWS OF RESOURCES	95,416
LIABILITIES	
Accounts Payable	3,598
Noncurrent Liabilities	
Due Within One Year	9,301
Due in More Than One Year	193,972
Net Pension Liability	1,877,247
TOTAL LIABILITIES	2,084,118
DEFERRED INFLOWS OF RESOURCES	
Change in Experience	140
Change in Proportionate Share	166,138
TOTAL DEFERRED INFLOWS OF RESOURCES	166,278
NET POSITION	
Net Investment in Capital Assets	296,015
Restricted for Emergencies	30,845
Unrestricted	(1,766,053)
TOTAL NET POSITION	$ (1,439,193)

The accompanying notes are an integral part of the financial statements.

Boulder Preparatory High School
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
FUNCTIONS/PROGRAMS	EXPENSES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 635,661	$ 164,488	$ -	$ (471,173)
Supporting Services	497,578	109,746	45,150	(342,682)
Interest Expense	7,993	-	-	(7,993)
Total Governmental Activities	$ 1,141,232	$ 274,234	$ 45,150	(821,848)
GENERAL REVENUES				
Per Pupil Revenue				668,805
District Mill Levy				204,993
At-Risk Supplemental Aid				4,833
Capital Construction Funding				15,913
Grants and Contributions not Restricted to Specific Programs				16,710
Investment Earnings				1,687
TOTAL GENERAL REVENUES				912,941
CHANGE IN NET POSITION				91,093
NET POSITION, Beginning, as Restated				(1,530,286)
NET POSITION, Ending				$ (1,439,193)

The accompanying notes are an integral part of the financial statements.

Boulder Preparatory High School

BALANCE SHEET
Governmental Fund
June 30, 2015

		GENERAL
ASSETS		
Cash and investments	$	216,499
TOTAL ASSETS	$	216,499
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	3,598
TOTAL LIABILITIES		3,598
FUND BALANCE		
Restricted for Emergencies		30,845
Unassigned		182,056
TOTAL FUND BALANCE		212,901
TOTAL LIABILITIES AND FUND BALANCE	$	216,499

Amounts reported for the Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Fund	$	212,901
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		499,288
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.		(203,273)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		(1,877,247)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Change in investment earnings		43,171
Contributions subsequent to the measurement date		52,245
Deferred inflows of resources used in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental fund.		
Change in experience		(140)
Change in proportionate share		(166,138)
Total Net Position of Governmental Activities	$	(1,439,193)

The accompanying notes are an integral part of the financial statements.

Boulder Preparatory High School

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Governmental Fund
Year Ended June 30, 2015

	GENERAL
REVENUES	
Local Sources	$ 962,195
State Sources	124,214
Federal Sources	145,916
TOTAL REVENUES	1,232,325
EXPENDITURES	
Current	
Instruction	631,749
Supporting Services	588,825
Debt Service	
Principal	7,473
Interest and Fiscal Charges	7,993
TOTAL EXPENDITURES	1,236,040
NET CHANGE IN FUND BALANCE	(3,715)
FUND BALANCE, Beginning	216,616
FUND BALANCE, Ending	$ 212,901

The accompanying notes are an integral part of the financial statements.

Boulder Preparatory High School

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

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

Net Change in Fund Balance of the Governmental Fund	$	(3,715)
Governmental funds report capital outlay as an expenditure. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay $111,001 exceeded depreciation expense ($15,877) in the current year.		95,124
Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		7,473
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Change in contributions subsequent to the measurement date		(1,769)
Pension expense		(162,888)
Pension expense (first year amortization)		61,533
Employer contribution expense		95,335
Change in Net Position of Governmental Activities	$	91,093

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boulder Preparatory High School (the "School") was formed in 1996 and was granted a charter by the Boulder Valley School District RE-2 in 1997.

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the 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.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School and accounts for all financial activities.

Assets, Liabilities and Fund Equity

Cash and Investments - Investments are reported at fair value.

Capital Assets - Capital assets, which consist of land, buildings and improvements, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 materiality extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	20 to 40 years
Equipment	5 to 20 years

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

Assets, Liabilities and Fund Equity (Continued)

The District owns a portion of the School's building, however, only the portion that the School owns is reported in the financial statements.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School reports certain items in this category related to its defined benefit pension plan (see Note 5).

Net Pension Liability - The School reports a net pension liability for its proportionate share of PERA's unfunded pension liability. See Note 5 for additional information.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 that time. The School reports one item in this category related to its defined benefit contributions (see Note 5).

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Trustees is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balance to a specific purpose through an informal action. The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the District's risk management programs for these risks of loss. Settled claims have not exceeded coverage limits in the last three years.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2015, the School had the following cash and investments:

Deposits	$	63,603
Cash Held by the District		121,212
Investments		31,684
Total	**$**	**216,499**

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local government may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years. State statutes generally do not address custodial risk.

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

In addition to investments allowed under State statute, the School's investment policy allows for investments in stock mutual funds, bond mutual funds and common stock. At June 30, 2015, the School's investment balance is comprised of common stock.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is summarized below.

	Balances 6/30/14	Additions	Deletions	Balances 6/30/15
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 76,400	$ -	$ -	$ 76,400
Construction in Progress	41,275	11,106	(52,381)	-
Total Capital Assets, Not Being Depreciated	117,675	11,106	(52,381)	76,400
Capital Assets, Being Depreciated				
Buildings and Improvements	345,459	99,895	-	445,354
Equipment	-	52,381	-	52,381
Total Capital Assets, Being Depreciated	345,459	152,276	-	497,735
Less Accumulated Depreciation For				
Buildings and Improvements	58,970	13,258	-	72,228
Equipment	-	2,619	-	2,619
Total Accumulated Depreciation	58,970	15,877	-	74,847
Total Capital Assets, Being Depreciated, Net	286,489	136,399	-	422,888
Governmental Activities Capital Assets, Net	**$ 404,164**	**$ 147,505**	**$ (52,381)**	**$ 499,288**

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

NOTE 4: **LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the year ended June 30, 2015.

	Balances 6/30/14	Additions	Payments	Balances 6/30/15	Due Within One Year
Loan Payable	**$ 210,746**	**$ -**	**$ 7,473**	**$ 203,273**	**$ 9,301**

In August 2007, the School entered into a loan agreement with First National Bank in the amount of $250,000. The proceeds of the loan were used to purchase a building. The loan agreement requires monthly payments through April 30, 2032. Interest accrues at a variable rate calculated from the 5-Year Treasury Rate plus 1.28 percentage points. At June 30, 2015, the interest rate was 2.97%.

Debt payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	$ 9,301	$ 5,911	$ 15,212
2017	9,582	5,631	15,213
2018	9,870	5,343	15,213
2019	10,167	5,046	15,213
2020	10,473	4,740	15,213
2021 - 2025	57,290	18,773	76,063
2026 - 2030	66,450	9,614	76,064
2031 - 2032	30,140	960	31,100
Total	$ 203,273	$ 56,018	$ 259,291

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Policies

Pensions - 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.

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan

Plan Description - Eligible employees of the School are provided with pensions through the SCHDTF. 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.

In all cases 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 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.

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended	
	12/31/2014	12/31/2015
Employer Contribution Rate[1]	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF[1]	16.43%	17.33%

[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 $95,173 for the year ended June 30, 2015.

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

At June 30, 2015, the School reported a liability of $1,877,247 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2014, the School's proportion was 0.0138508 percent, which was a decrease of 0.0019769 from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the School recognized pension expense of $101,355. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 140
Net difference between projected and actual earnings on pension plan investments	43,171	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	166,138
Contributions subsequent to the measurement date	52,245	-
Total	$ 95,416	$ 166,278

$52,245 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, 2016. 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,	
2016	$ (50,792)
2017	(50,792)
2018	(32,316)
2019	10,793
2020	-
Thereafter	-

NOTE 5: <u>DEFINED BENEFIT PENSION PLAN</u> (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	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 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 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.

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

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, 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	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	2,475,322	1,877,247	1,376,648

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 6: **OTHER POST-EMPLOYMENT BENEFITS**

Health Care Trust Fund

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

Funding Policy - The School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014, and 2013, the School's contribution to the HCTF were $5,780, $6,564, and $6,412, respectively, equal to their required contributions for each year.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2015, significant amounts of related expenditures have not been audited, but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Power Purchase Agreement

During the fiscal year ended June 30, 2015, the School completed construction of solar panels on the School's building. As part of the construction agreement, the School entered into a power purchase agreement with the vendor. Under the agreement, the School pays approximately $400 per month for a period of twenty years, or until such time as the School pays the remaining balance due on the initial value of the solar panels. At June 30, 2015 the balance due is approximately $32,000. Alternatively, the balance due would be $12,500 effective September 15, 2020. As there is no requirement to pay the balance due, the School has not recorded a liability in its financial statements.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The School believes it is in compliance with the Amendment. The Amendment requires all governments to establish a reserve for emergencies, representing 3% of fiscal year spending. At June 30, 2015, the emergency reserve of $30,845 was reported as restricted fund balance and net position.

NOTE 8: RESTATEMENT OF NET POSITION

For the year ended June 30, 2015, the School adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB No. 68)*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, which are effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB No. 68 requires cost-sharing employers participating in the PERA program to record their proportionate share, as defined in GASB No. 68, of PERA's unfunded pension liability.

NOTE 8: **RESTATEMENT OF NET POSITION** (Continued)

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

	Governmental Activities
Net Position, June 30, 2014, as Originally Stated	$ 410,034
Cumulative Effect of Application of GASB No. 68, Net Pension Liability	(1,994,335)
Cumulative Effect of Application of GASB No. 71, Deferred Outflow of Resources for contributions made to the plan during fiscal year June 30, 2014	54,015
Net Position, June 30, 2014, as Restated	$ (1,530,286)

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REQUIRED SUPPLEMENTARY INFORMATION

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Boulder Preparatory High School

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 726,915	$ 668,805	$ 668,805	$ -
District Mill Levy	229,404	204,993	204,993	-
Grants and Contributions	-	50,000	86,710	36,710
Investment Earnings	-	35	1,687	1,652
State Sources				
At-Risk Supplemental Aid	15,000	10,000	4,833	(5,167)
Capital Construction	17,850	15,615	15,913	298
Grants	19,814	104,364	103,468	(896)
Federal Sources				
21st Century Grants	-	160,203	145,916	(14,287)
TOTAL REVENUES	1,008,983	1,214,015	1,232,325	18,310
EXPENDITURES				
Instruction	612,517	624,550	631,749	(7,199)
Supporting Services	438,537	584,322	588,825	(4,503)
Debt Service				
Principal	8,415	8,415	7,473	942
Interest	6,885	6,885	7,993	(1,108)
Reserves	129,629	124,001	-	124,001
TOTAL EXPENDITURES	1,195,983	1,348,173	1,236,040	112,133
NET CHANGE IN FUND BALANCE	(187,000)	(134,158)	(3,715)	130,443
FUND BALANCE, Beginning	187,000	216,522	216,616	94
FUND BALANCE, Ending	$ -	$ 82,364	$ 212,901	$ 130,537

Boulder Preparatory High School

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

	2014	2013
School's proportion (percentage) of the collective net pension liability (asset)	0.01385079%	0.01582769%
School's proportionate share of the collective pension liability (asset)	1,877,247	4,197,248
Covered-employee payroll	580,248	630,326
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	323.52%	316.40%
Plan fiduciary net pension as a percentage of the total pension liability	62.80%	64.06%

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

Boulder Preparatory High School

SCHEDULE OF THE CONTRIBUTIONS AND RELATED RATIOS

Last 10 Fiscal Years*

As of June 30,	2015	2014
Statutorily required contributions	$ 95,173	$ 99,335
Contributions in relation to the statutorily required contribution	95,173	99,335
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	566,640	643,496
Contribution as a percentage of covered-employee payroll	16.80%	15.44%

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

Boulder Preparatory High School
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

NOTE 1: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

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