CHERRY CREEK ACADEMY

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2019

CHERRY CREEK ACADEMY
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JUNE 30, 2019

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cherry Creek Academy

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cherry Creek Academy, a component unit of Cherry Creek School District No. 5, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cherry Creek Academy, as of June 30, 2019, and the respective changes in financial position for the year

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then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of previously issued statements

In our report dated September 4, 2019, we reported that the financial statements as of June 30, 2019 were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. As described in Note 14 to the financial statements, subsequent to that report, the School discovered that it had not recognized its proportionate share of revenues and expenditures for on-behalf payments to its defined benefit pension plan by the State of Colorado. The previously issued June 30, 2019 financial statements have been restated to recognize those on-behalf payments. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Hoelting & Company Inc.

Colorado Springs, Colorado
September 9, 2019

Cherry Creek Academy

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2019

As management of Cherry Creek Academy (the Academy), we offer readers of the Academy's basic financial statements this narrative and analysis of the financial activities of the Academy for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights
The year ending June 30, 2019 is the twenty-fourth year of operations for the Academy. The general fund balance increased to $1,550,565 from $1,528,236 in the year ending June 30, 2019.

The operations of the Academy are funded primarily by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was $4,368,549. The Academy also received $612,912 in Mill Levy Override revenue.

Overview of Financial Statements
This discussion and analysis are intended to serve as an introduction to the Academy's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The statement of activities presents information showing how the Academy's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of yearend).

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

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

Notes to Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Academy's financial position. For the year ending June 30, 2019, the Academy's government-wide liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources by $1,866,299. Approximately $172,000 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Also, $421,210 of these funds is restricted for reserves required as security for the bonds issued to finance the building. Accordingly, these funds are not available to satisfy general operating expenses of the Academy. In addition, $8,845,206 of these funds represents investments in capital assets (net of depreciation and related debt). As outlined in Note 7 to the financial statements the Academy participates in a Defined Benefit Pension Plan and has recorded a Net Pension Liability as of June 30, 2019 of $8,727,727. This is a decrease from $17,827,586 as of June 30, 2018. The large change was due mainly to a contribution to the fund by the State of Colorado (a nonemployer) as well as a decrease in the proportionate share of the Cherry Creek Academy by approximately .006 percent, and changes in actuarial assumptions by PERA. As outlined in Note 8 to the financial statements the Academy also participates in a Postemployment Healthcare Benefit Plan and has recorded a Net OPEB Liability as of June 30, 2019 of $435,896. These resulted in a negative Unrestricted Net Position of $11,304,715 as compared to a negative $11,703,471 as of June 30, 2018.

Statement of Net Position

	June 30, 2019	June 30, 2018
Cash and Investments	$1,663,996	$1,821,657
Restricted Cash and Investments	609,010	682,486
Accounts Receivable / Prepaid Expenses	423	4,525
Capital Assets, Not Depreciated	1,028,597	6,614,489
Capital Assets, Net of Depreciation	10,218,940	4,836,265
Total Assets	13,520,966	13,959,422
Deferred Outflows of Resources –		
Loss on Lease Refinancing	69,672	76,156
Deferred Outflows of Resources Related to Pensions	2,941,269	5,870,929
Deferred OBEB Outflows	42,703	30,940
Total Deferred Outflows of Resources	3,053,644	5,978,025
Accounts Payable and other accrued liabilities	113,854	297,946
Accrued Salaries & Benefits	187,800	261,360
Accrued Interest Payable	28,572	30,107
Noncurrent Liabilities - Debt	2,472,003	2,625,794
Noncurrent Liabilities - Net OPEB Liability	435,896	407,450
Noncurrent Liabilities - Net Pension Liability	8,727,727	17,827,586
Total Liabilities	11,965,852	21,450,243
Deferred Inflows of Resources –		
Pensions, Net of Accumulated Amortization	6,474,393	728,993
OPEB, Net of Accumulated Amortization	664	6,817
Deferred Inflows of Resources Related to Pensions	6,475,057	735,810

Net Position		
Net Investment in Capital Assets	8,845,206	8,901,116
Restricted for Repair and Replacement	51,162	50,053
Restricted for Debt Service	370,048	340,966
Restricted for Emergencies	172,000	162,730
Unrestricted	(11,304,715)	(11,703,471)
Total Net Position	$ (1,866,299)	$ (2,248,606)

Changes in Net Position

	June 30, 2019	June 30, 2018
Program Revenue:		
Charges for Services	$ 351,696	$ 249,672
Operating Grants and Contributions	130,088	85,546
Capital Grants and Contributions	215,139	4,823,492
Total Program Revenue	696,923	5,158,710
General Revenue:		
Per Pupil Revenue	4,368,549	3,945,792
Mill Levy Revenue	612,912	567,775
Grants & Contributions not Restricted to Specific Programs	7,380	37,339
Investment Earnings	46,133	30,511
Other	2,028	0
Total General Revenue	5,037,002	4,581,417
Total Revenue	5,733,925	9,740,127
Expenses:		
Current:		
Instruction	3,457,871	5,657,191
Supporting Services	1,767,103	2,731,471
Debt Service	126,644	133,412
Total Expenses	5,351,618	8,522,074
Increase (Decrease) in Net Position	382,307	1,218,053
Beginning Net Position, June 30	(2,248,606)	(3,466,659)
Ending Net Position, June 30	$(1,866,299)	$(2,248,606)

Financial Analysis of the Academy's Funds

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

As of the end of the current fiscal year, the Academy's governmental funds reported a combined ending fund balance of $1,971,775, an increase of $22,413.

The general fund is the major operating fund of the Academy. At the end of 2019, the general fund balance was $1,550,565, an increase of $22,329.

The largest portion of the Academy's revenues come from per pupil funding – 76.1% in FY 2019 and 78.2% in FY 2018. In FY 2019 and FY 2018, 10.8% and 11.2%, respectively, of revenues came from District Mill Levy. The School's revenue increased by $689,813 and expenses increased by $375,598 in FY 2019.

The CCA Facility Corporation actual expenditures were $275,488, primarily debt service which was offset by a transfer from the General Fund of $265,604 during the FY 2019 fiscal year.

General Fund Budgetary Highlights

The Academy budgeted for expenditures and transfers of $5,819,459 for the year ended June 30, 2019. Actual expenditures and transfers were $5,715,763. There was one budget amendment made during the year to account for increases in purchased services, salaries, benefits, and book/supply expenses.

Capital Asset and Debt Administration

Capital assets. The Academy's investment in capital assets as of June 30, 2019, amounts to $11,247,537 (net of accumulated depreciation). This investment in capital assets includes land, the preliminary & renovated building, playground, office and instructional equipment. The detail of this investment is in Note 4 to the financial statements. Renovation of the gym area and adjoining classrooms began June 2017 and was completed July 2018.

Long-term debt. The Academy participates in a long-term lease agreement with the Cherry Creek Academy Facility Corporation. Monthly principal and interest payments are due under the lease agreement, with interest accruing at rates ranging from 2% to 4.75%. The lease ends in April 2030. Annual debt service ranges from $272,088 to $276,575 with payments that began in calendar year 2008.

The Academy maintains credit ratings with Moody's Investors Services, Inc. and the 2012 bonds are currently rated Baa2. Long-term debt is detailed in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for the Academy is student enrollment. Funded pupil count for the previous school years are listed below. The enrollment projected for the 2019-2020 school year is expected to be 560. The State of Colorado approved funding for Full Day Kindergarten beginning in 2019-2020. The 560 funded enrollment would have been 538.16 if not for this new funding. This enrollment was considered in preparing the Academy's budget for the 2019-2020 fiscal year.

Fiscal Year	Enrollment
2009 / 2010	448.50
2010 / 2011	450.50
2011 / 2012	461.00
2012 / 2013	470.16
2013 / 2014	481.16
2014 / 2015	537.24
2015 / 2016	547.16
2016 / 2017	547.16
2017 / 2018	525.16
2018 / 2019	552.24

Requests for Information

The financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the Academy. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Cherry Creek Academy
6260 S. Dayton Street
Englewood, CO 80111

BASIC FINANCIAL STATEMENTS

CHERRY CREEK ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,663,996
Restricted cash and cash equivalents	609,010
Receivables	423
Capital assets, not being depreciated	1,028,597
Capital assets, net of accumulated depreciation	10,218,940
Total Assets	13,520,966
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges	69,672
Deferred pension outflows	2,941,269
Deferred OPEB outflows	42,703
Total Deferred Outflows of Resources	3,053,644
LIABILITIES	
Accounts payable and other accrued liabilities	113,854
Accrued salaries and benefits	187,800
Accrued interest payable	28,572
Long-term liabilities:	
Due within one year	160,000
Due in more than one year	2,312,003
Net pension liability	8,727,727
Net OPEB liability	435,896
Total Liabilities	11,965,852
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	6,474,393
Deferred OPEB inflows	664
Total Deferred Inflows of Resources	6,475,057
NET POSITION	
Net investment in capital assets	8,845,206
Restricted for:	
TABOR	172,000
Debt Service	370,048
Building repairs	51,162
Unrestricted	(11,304,715)
Total Net Position (deficit)	$ (1,866,299)

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

CHERRY CREEK ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 3,457,871	$ 351,696	$ 130,088	$ -	$ (2,976,087)
Supporting services	1,767,103	-	-	215,139	(1,551,964)
Interest	126,644	-	-	-	(126,644)
Total governmental activities	5,351,618	351,696	130,088	215,139	(4,654,695)
General revenues:					
Per pupil revenue					4,368,549
Mill levy override					612,912
Grants and contributions not restricted to specific programs					7,380
Unrestricted investment earnings					46,133
Miscellaneous					2,028
Total general revenues					5,037,002
Change in net position					382,307
Net position - beginning (deficit)					(2,248,606)
Net position - ending (deficit)					$ (1,866,299)

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

CHERRY CREEK ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Facility Corporation	Total
ASSETS			
Cash and cash equivalents	$ 1,663,996	$ -	$ 1,663,996
Restricted cash and cash equivalents	187,800	421,210	609,010
Receivables	423	-	423
Total Assets	1,852,219	421,210	2,273,429
LIABILITIES			
Accounts payable and other accrued liabilities	113,854	-	113,854
Accrued salaries and benefits	187,800	-	187,800
Total Liabilities	301,654	-	301,654
FUND BALANCE			
Restricted	172,000	421,210	593,210
Assigned	815,486	-	815,486
Unassigned	563,079	-	563,079
Total Fund Balance	1,550,565	421,210	1,971,775
Total Liabilities and Fund Balance	$ 1,852,219	$ 421,210	$ 2,273,429

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

CHERRY CREEK ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 1,971,775
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		11,247,537
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges	$ 69,672	
Accrued interest payable	(28,572)	
Loan payable	(2,472,003)	
Net pension liability	(8,727,727)	
Pension outflows	2,941,269	
Pension inflows	(6,474,393)	
Net OPEB liability	(435,896)	
OPEB outflows	42,703	
OPEB inflows	(664)	(15,085,611)
Total Net Position of Governmental Activities		$ (1,866,299)

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

CHERRY CREEK ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Facility Corporation	Total
REVENUES			
Local sources	$ 1,057,323	$ 9,968	$ 1,067,291
State sources	4,680,769	-	4,680,769
Total revenues	5,738,092	9,968	5,748,060
EXPENDITURES			
Instruction	3,823,846	-	3,823,846
Supporting services	1,626,313	-	1,626,313
Debt service			
Interest	-	120,488	120,488
Principal	-	155,000	155,000
Total expenditures	5,450,159	275,488	5,725,647
Excess (deficiency) of revenues over expenditures	287,933	(265,520)	22,413
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(265,604)	265,604	-
Net change in fund balance	22,329	84	22,413
Fund balance, beginning	1,528,236	421,126	1,949,362
Fund balance, ending	$ 1,550,565	$ 421,210	$ 1,971,775

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

CHERRY CREEK ACADEMY
RECONCILIATION OF THE STATEMENT O FREVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net Change in Fund Balance of Governmental Funds			$	22,413
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:				
Depreciation expense	$	(291,999)		
Capital outlays		38,167		
Capital contributions		50,615		(203,217)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transation, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.				
Principal repayment	$	155,000		
Accrued interest payable		1,533		
Bond discount amortization		(1,209)		
Amortization of deferred charges		(6,482)		148,842
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.				
Pension expenses	$	424,799		
OPEB expenses		(10,530)		414,269
Change in Net Position of Governmental Activities			$	382,307

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cherry Creek Academy (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Cherry Creek School District No. 5 (the District).

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) 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. The more significant accounting policies of the School are described below.

A. REPORTING ENTITY

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

The School includes the Cherry Creek Academy Facility, Inc. (the Facility Corporation) within its reporting entity. The Facility Corporation was organized primarily to finance the acquisition and construction of educational facilities and currently leases facilities only to the School. The Facility Corporation is blended into the School's financial statements as a special revenue fund and does not issue separate financial statements.

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

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

The School reports the following major governmental funds:

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.

The *Facility Corporation* - This fund is used to account for the financial activities of the Facility Corporation, including facilities acquisition and construction and the related debt service.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the School may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements or voter authorizations.

Receivables

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

Prepaid expenses

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

Capital Assets

Capital assets, which include land, buildings, and furniture and equipment, are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is $5,000. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 50 years
Buildings Improvements	20 – 50 years
Furniture and equipment	10 - 20 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Pensions

Cherry Creek Academy participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the SCHDTF are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates for the SCHDTF by 0.25 percent on July 1, 2019.

- Increases employee contribution rates for the SCHDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Health Care Trust Fund

OPEB. Cherry Creek Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net position flow assumption

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Compensated Absences

Employees of the School are allowed to accumulate limited amounts of unused paid time off. The School does not reimburse or otherwise compensate employees for any unused paid time off at separation. Therefore, no liability is reported in the financial statements for these compensated absences.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal yearend. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. Prior to the fiscal year end, management submits to the Board of Directors a proposed budget for all funds 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 formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

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.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2019 is as follows:

Deposits	$ 416,950
Investments	1,856,056
Total	$ 2,273,006

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

Cash and cash equivalents	$ 1,663,996
Restricted cash and cash equivalents	609,010
Total	$ 2,273,006

Cash deposits with financial institutions

Custodial credit risk—deposits. Custodial credit risk is the risk that, in the event of a bank failure, Cherry Creek Academy's deposits might not be recovered. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured pubic deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of school's deposits at June 30, 2019 was $416,950 and the bank balances were $521,833. Of the bank balances, $250,000 was covered by federal deposit insurance and $271,833 was uninsured but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group.

Investments

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

The investments for fiscal year ending June 30, 2019:

Investment Type	Fair Value	Maturities
ColoTrust	$ 1,856,056	Less than 60 days

The District has invested in the Colorado Government Liquid Asset Trust (ColoTrust). ColoTrust is a AAA rated investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. State law limits investment maturities to five years or less as a means of managing exposure to fair value loss resulting from increasing interest rates. Cherry Creek School does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. ColoTrust are rated AAA by Standard and Poor's and maintain a constant net asset value of $1 per share.

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

Restricted Cash and Investments

At June 30, 2019, the General Fund reported restricted cash of $187,800, representing its cash reserve to cover accrued and unpaid salaries in accordance with the School's charter agreement. In addition, the Facility Corporation had investments of $370,048 and $51,162 restricted for debt service and building repairs, respectively, as required by its loan agreement.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 744,711	$ -	$ -	$ 744,711
Land Improvements	283,886	-	-	283,886
Construction in progress	5,585,892	62,487	(5,648,379)	-
Total capital assets, not being depreciated	6,614,489	62,487	(5,648,379)	1,028,597
Capital assets, being depreciated:				
Building	5,310,869	5,648,379	-	10,959,248
Building improvements	599,221	-	-	599,221
Furniture and equipment	698,027	26,295	-	724,322
Total capital assets, being depreciated	6,608,117	5,674,674	-	12,282,791
Less accumulated depreciation	(1,771,852)	(291,999)	-	(2,063,851)
Total capital assets being depreciated, net	4,836,265	5,382,675	-	10,218,940
Governmental activities capital assets, net	$ 11,450,754	$ 5,445,162	$ -	$ 11,247,537

Depreciation expense was charged to functions/programs of as follows:

Instruction	$ 50,373
Supporting services	241,626
Total	$ 291,999

NOTE 5 – LONG-TERM DEBT

2012 Building Loan

In March 2012, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $3,460,000 Charter School Revenue Refunding Bonds, Series 2012. Bond proceeds were used to refund the outstanding Charter School Refunding Revenue Bonds, Series 2001. Proceeds of the Series 2001 Bonds were loaned to the Facility Corporation under a loan agreement to refinance previous debt used to construct the School's educational facilities. The School is obligated under a lease agreement to make monthly lease payments to the Facility Corporation for using the facilities. The Facility Corporation is required to make equal loan payments to the trustee, for payment of the bonds. Interest accrues at rates ranging from 2% to 4.75% per annum and is due semi-annually on April 1 and October 1. Principal payments are due annually on April 1, through 2030.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the loan are as follows:

Fiscal Year Ending June 30	Principal	Interest
2020	$ 160,000	$ 114,288
2021	165,000	107,888
2022	175,000	101,288
2023	180,000	94,288
2024	190,000	85,738
2025-2029	1,085,000	285,238
2030	530,000	25,157
Total	$ 2,485,000	$ 813,885

Following is a summary of the long-term debt transactions for the year ended June 30, 2019.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
2012 Building loan	$2,640,000	$ -	$ 155,000	$ 2,485,000	$ 160,000
Discount	(14,206)	-	(1,209)	(12,997)	-
Total	$ 2,625,794	$ -	$ 153,791	$ 2,472,003	$ 160,000

NOTE 6 – OPERATING LEASE

Facility Lease

In March 2012, Cherry Creek Academy executed a new lease agreement with their blended component unit, Cherry Creek Academy Facility, Inc. The lease term renews annually.

The future minimum lease payments for this lease are as follows:

Fiscal Year Ending June 30	
2020	$ 274,288
2021	272,888
2022	276,288
2023	274,288
2024	275,738
2025-2029	1,370,238
2030	555,157
Total	$ 3,298,885

NOTE 6 – OPERATING LEASE (CONTINUED)

In addition to the base rents above, the lease requires additional rents for other costs and expenses incurred by the lessor for operation, maintenance, and debt service for the leased property.

For the fiscal year ended June 30, 2019, transfers for lease activity were $265,604.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Cherry Creek Academy 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. 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.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the
lesser of 1.5 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 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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 provisions as of June 30, 2019: Eligible employees, Cherry Creek Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	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)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%	5.50%
Total employer contribution rate to the SCHDTF	19.13%	19.13%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Cherry Creek Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Cherry Creek Academy were $559,342 for the year ended June 30, 2019.

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

The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The Cherry Creek Academy proportion of the net pension liability was based on Cherry Creek Academy contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2019, the Cherry Creek Academy reported a liability of $8,727,727 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Cherry Creek Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Cherry Creek Academy were as follows:

Cherry Creek Academy proportionate share of the net pension liability	$ 8,727,727
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Cherry Creek Academy	1,193,395
Total	$ 9,921,122

At December 31, 2018, the Cherry Creek Academy proportion was 0.0492895493 percent, which was a decrease of 0.0058420067 from its proportion measured as of December 31, 2017.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the Cherry Creek Academy recognized pension expense of $134,543 and revenue of $6,131 for support from the State as a nonemployer contributing entity. At June 30, 2019, the Cherry Creek 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	$ 296,054	$ -
Changes of assumptions or other inputs	1,629,068	5,427,708
Net difference between projected and actual earnings on pension plan investments	475,716	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	246,138	1,046,685
Contributions subsequent to the measurement date	294,293	N/A
Total	$ 2,941,269	$ 6,474,393

$294,293 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, 2020. 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, 2019:	
2020	$ (498,647)
2021	(2,156,102)
2022	(1,432,893)
2023	260,226
2024	-
Thereafter	-

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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	4.78 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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 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 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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 Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 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:

- 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 member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the 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.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates 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 of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent, 2.47 percent lower compared to the current measurement date.

Sensitivity of the Cherry Creek Academy *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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 11,095,812	$ 8,727,727	$ 6,740,505

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the Cherry Creek Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

PERA Benefit Structure (continued)

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Cherry Creek Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Cherry Creek Academy were $29,824 for the year ended June 30, 2019.

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

At June 30, 2019, the Cherry Creek Academy reported a liability of $435,896 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Cherry Creek Academy proportion of the net OPEB liability was based on Cherry Creek Academy contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Cherry Creek Academy proportion was 0.0320384360 percent, which was an increase of 0.0006864566 from its proportion measured as of December 3, 2017.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2019, the Cherry Creek Academy recognized OPEB expense of $40,354. At June 30, 2019, the Cherry Creek Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,582	$ 664
Changes of assumptions or other inputs	3,058	-
Net difference between projected and actual earnings on OPEB plan investments	2,507	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,864	-
Contributions subsequent to the measurement date	15,692	N/A
Total	$ 42,703	$ 664

$15,692 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2019:	
2020	$ 5,630
2021	5,630
2022	5,631
2023	7,371
2024	2,003
Thereafter	81

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	**Cost for Members Without Medicare Part A**
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Healthy mortality assumptions for active members were based on 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 for the School and Judicial Divisions were based on 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 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 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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 Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

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

Sensitivity of the Cherry Creek Academy proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$ 423,860	$ 435,896	$ 449,741

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

NOTE 8 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- 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%.

- 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.

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

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Cherry Creek Academy *proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 487,730	$ 435,896	$ 391,583

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 10 - CONCENTRATION OF RISK

The School is funded directly by the District based on the District's per pupil funding. For the fiscal year ended June 30, 2019, this funding accounted for approximately 77% of the School's revenues.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

GRANTS

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

NOTE 12 - COMPLIANCE

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2019 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2019 there was a $172,000 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 14 – CORRECTION OF PREVIOULY ISSUED STATEMENTS

Subsequent to the original issuance of its year-ended June 30, 2019 financial statements, the School discovered that it had not recognized its proportionate share of revenues and expenditures for on-behalf payments to its defined benefit pension plan by the State of Colorado. The June 30, 2019 financial statements have been corrected to report $70,880 of revenues and expenditures in the general fund for those on-behalf payments. These corrections had no effect on fund balances of the governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

CHERRY CREEK ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.0492895493%	0.0551315560%	0.0529956976%	0.0499981285%	0.0477732603%	0.0400724256%
School's proportionate share of the net pension liability (asset)	$ 8,727,727	$ 17,827,586	$ 15,778,869	$ 7,646,861	$ 6,474,881	$ 5,111,227
State's proportionate share of the net pension liability (asset) associated with the School	1,193,395	-	-	-	-	-
Total	$ 9,921,122	$ 17,827,586	$ 15,778,869	$ 7,646,861	$ 6,474,881	$ 5,111,227
School's covered payroll	$ 2,709,711	$ 2,543,154	$ 2,378,542	$ 2,178,907	$ 2,001,357	$ 1,615,447
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

CHERRY CREEK ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2019

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 559,342	$ 486,314	$ 454,784	$ 405,675	$ 359,814	$ 287,494
Contributions in relation to the contractually required contribution	(559,342)	(486,314)	(454,784)	(405,675)	(359,814)	(287,494)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,923,898	$ 2,575,816	$ 2,474,342	$ 2,288,071	$ 2,131,600	$ 1,799,086
Contributions as a percentage of covered payroll	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

CHERRY CREEK ACADEMY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2019

	2018	2017
School's proportion of the net OPEB liability (asset)	0.0320384360%	0.0313519794%
School's proportionate share of the net OPEB liability (asset)	$ 435,896	$ 407,450
School's covered payroll	$ 2,709,708	$ 2,545,300
School's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.09%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	17.0%	17.5%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

CHERRY CREEK ACADEMY
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2019

	2019	2018
Contractually required contribution	$ 29,824	$ 26,262
Contributions in relation to the contractually required contribution	(29,824)	(26,262)
Contribution deficiency (excess)	$ -	$ -
School's covered payroll	$ 2,923,957	$ 2,574,706
Contributions as a percentage of covered payroll	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

CHERRY CREEK ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local sources:				
Taxes	$ 562,097	$ 612,912	$ 612,912	$ -
Tuition	161,753	161,753	208,040	46,287
Fees	42,666	42,666	54,875	12,209
Interest income	20,000	33,279	36,164	2,885
Pupil Activities	128,155	131,245	88,781	(42,464)
Donations and grants	23,700	32,342	54,523	22,181
Other local revenue	34,903	40,133	2,028	(38,105)
	973,274	1,054,330	1,057,323	2,993
State sources:				
Per pupil revenue	4,431,833	4,331,961	4,368,549	36,588
Operating grants	17,500	75,665	147,696	72,031
Capital grants	147,775	169,822	164,524	(5,298)
	4,597,108	4,577,448	4,680,769	103,321
Total revenues	5,570,382	5,631,778	5,738,092	106,314
EXPENDITURES				
Instruction				
Salaries	2,238,020	2,231,941	2,253,639	(21,698)
Benefits	683,274	713,683	780,697	(67,014)
Purchased services	324,614	363,543	261,321	102,222
Supplies	242,858	285,693	257,145	28,548
Property	138,122	247,357	271,044	(23,687)
Supporting services				
Salaries	700,510	738,140	709,375	28,765
Benefits	198,984	213,704	224,941	(11,237)
Purchased services	644,525	697,044	616,670	80,374
Supplies	48,050	48,050	58,981	(10,931)
Property	-	-	11,843	(11,843)
Other	4,702	4,616	4,503	113
Total expenditures	5,223,659	5,543,771	5,450,159	93,612
Excess (deficiency) of revenues over expenditures	346,723	88,007	287,933	199,926
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(275,688)	(275,688)	(265,604)	10,084
Net change in fund balances	71,035	(187,681)	22,329	210,010
Fund balances - beginning	1,410,133	1,528,236	1,528,236	-
Fund balance - ending	$ 1,481,168	$ 1,340,555	$ 1,550,565	$ 210,010

See the accompanying Independent Auditors' Report.

CHERRY CREEK ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FACILITY CORPORATION
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local sources:				
Interest income	$ 3,000	$ 3,000	$ 9,968	$ 6,968
Other local revenue	-	-	-	-
Total revenues	3,000	3,000	9,968	6,968
EXPENDITURES				
Supporting services				
Purchased services	800	800	-	800
Debt service:				
Interest	120,488	120,488	120,488	-
Principal	155,000	155,000	155,000	-
Total expenditures	276,288	276,288	275,488	800
Excess (deficiency) of revenues over expenditures	(273,288)	(273,288)	(265,520)	7,768
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	276,738	276,738	265,604	(11,134)
Net change in fund balances	3,450	3,450	84	(3,366)
Fund balances - beginning	422,516	421,126	421,126	-
Fund balance - ending	$ 425,966	$ 424,576	$ 421,210	$ (3,366)

See the accompanying Independent Auditors' Report.