FRONTIER ACADEMY
Greeley, Colorado

FINANCIAL STATEMENTS
June 30, 2015

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Frontier Academy
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Frontier Academy, a component unit of Weld County School District 6, as of and for the year ended June 30, 2015, which collectively comprise Frontier Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 2 to the financial statements, Frontier Academy adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement* Date, an amendment of GASB Statement No. 68. As a result of the implementation, of GASB Statement No. 68, Frontier Academy reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Correction of an Error

As described in Note 2 to the financial statements, Frontier Academy identified an error in its unearned revenue as previously reported in the prior year. Accordingly, Frontier Academy's general fund balance and net position previously reported have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii - vii, the budgetary comparison information on pages 23 - 24, and the pension schedules on pages 25 - 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Frontier Academy's basic financial statements. The budgetary comparison information for the Frontier Academy Foundation is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
October 27, 2015

Frontier Academy
An authorized charter school of Weld County School District 6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended June 30, 2015 through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- For fiscal year 2015, Frontier Academy (the School) experienced an increase of $255,670 in net position.

- Total unrestricted cash and investments were $1,852,160 at June 30, 2015, as compared to $1,668,257 at June 30, 2014.

The School did not exceed its operating budget for the General Fund realizing over 100% of budgeted revenues while spending 97% of budgeted expenditures.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular the Weld County School District 6 Board of Education, and for the general public. The report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements which provide additional and more detailed information. Included as Required Supplementary Information is budget-to-actual information related to the School's General Fund and the Frontier Academy Facilities Corporation, a blended component unit, and pension schedules as required under GASB Statement No. 68, further discussed in note 10.

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

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

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

The government-wide financial statements include not only the School itself (known as the *primary government*), but also the component unit of the School. The Frontier Academy Facilities Corporation (the Facility Corporation), although also legally separate, functions, for all practical purposes, as a department of the School, and therefore has been included as an integral part of the primary government.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports three funds, the general fund and two special revenue funds (the Facility Corporation and the Foundation Fund), all governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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

The School adopts an annual appropriated budget for its general fund, its Facility Corporation fund, and its Frontier Academy Foundation fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Notes to financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 8 of this report.

Government-Wide Financial Analysis

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

Table A-1

Comparative Summary Statement of Net Position

	2015	2014
Assets:		
Current Assets	$ 1,921,861	$ 1,679,848
Noncurrent Assets	12,394,465	12,668,047
Total assets	14,316,326	14,347,895
Deferred outflows of resources		
Deferred charges on refunding	845,840	898,716
Contributions subsequent to measurement date	392,964	-
Change in investment earnings	322,877	-
Change in proportionate share	254,672	-
Total deferred outflows of resources	1,816,353	898,716
Liabilities:		
Current Liabilities	1,152,267	775,212
Noncurrent Liabilities	12,590,000	13,955,000
Net pension liability	14,040,133	-
Total liabilities	27,782,400	14,730,212
Deferred inflows of resources		
Change in experience	1,048	-
Total deferred inflows of resources	1,048	-
Net position:		
Net investment in capital assets	(2,306,614)	(2,813,249)
Restricted	1,845,185	1,727,520
Unrestricted	(11,189,340)	1,602,128
Total net position *	$ (11,650,769)	$ 516,399

*Net position for 2014 was not restated for the 2014 column as presented above and below for implementation of GASB Statement No. 68 and No. 71 and the corrections of errors relating to net position.

Table A-2

Comparative Schedule of Revenues, Expenses, and Changes in Net Position

	2015	2014
Program revenues:		
Charges for services	$ 329,011	$ 221,876
Operating grants	589,887	114,175
Capital grants	244,018	130,326
General revenues:		
Per pupil funding	9,739,522	9,458,259
Interest income	1,669	2,055
Other revenue	124,316	119,182
Total revenues	11,028,423	10,045,873
Expenses:		
Instruction	7,420,263	6,430,851
Support services	2,729,218	2,457,407
Interest on long-term debt	623,272	632,665
Total expenses	10,772,753	9,520,923
Change in net position	255,670	524,950
Net position - beginning (restated for 2015, see Note 2) *	(11,906,439)	(8,551)
Net position - ending	$ (11,650,769)	$ 516,399

The 2015 Comparative Schedule of Revenues, Expenses and Changes in Net Position reflect growth in several areas. There was increased enrollment (FTE) mainly through the addition of a 5th track of fourth grade and some growth in the Junior and Senior classes. Enrollment in the Home School Access program also increased. Instruction and support services primarily increased because staff received an increase in pay for the year. There were not any other abnormal expenses.

General Fund

The general fund is used to capture all operating activities of the School. As of the end of the current fiscal year, the School's general fund reported an ending fund balance of $1,398,575, an increase of $348,668 (after prior period adjustment). Of this balance, approximately 26% is *restricted* to indicate that it is not available for spending primarily because it is required to be maintained to comply with the TABOR amendment. An additional 4.7% is *nonspendable* as it represents amounts which have already been spent to benefit future periods.

General Fund Budgetary Highlights

The 2015 final fiscal year budget was adopted in June 2015. Actual revenue exceeded budgeted revenue. Expenditures were less than budgeted.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2015, amounts to $10,868,386. This investment in capital assets includes land, buildings and building improvements, furniture and equipment. The total net decrease in School capital assets was $273,365 (2.0%) as a result of depreciation charges in excess of acquiring additional equipment and additional building improvements.

Additional information on the School's capital assets can be found in note 4 on page 14 of this report.

Long-term debt. The Facility Corporation carries total bonded debt outstanding of $13,175,000. The $13,175,000 represents Series 2006 Charter School Revenue Refunding Bonds. Additional information on long-term debt can be found in notes 5 and 7 on page 14-16 of this report.

During the fiscal year 2013, the School purchased land and borrowed an additional $375,000 to fund part of the cost of the land. This note was paid off May 2015. Additional information on this note can be found in note 6 on page 15 of this report.

Economic Factors and Next Year's Budgets

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

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the School Administration or Executive Committee Officers.

FRONTIER ACADEMY
STATEMENT OF NET POSITION
Year Ended June 30, 2015

		Governmental Activities
ASSETS		
Cash	$	1,852,160
Restricted cash and investments		1,526,079
Prepaid items		66,169
Intergovernmental receivable		3,532
Capital assets, not being depreciated		1,398,334
Capital assets, depreciated, net of accumulated depreciation		9,470,052
TOTAL ASSETS		14,316,326
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on bond refunding		845,840
Contributions subsequent to measurement date		392,964
Change in investment earnings		322,877
Change in proportionate share		254,672
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,816,353
LIABILITIES		
Accounts payable and accrued expenses		55,773
Accrued salaries and benefits		457,470
Accrued interest		47,974
Unearned revenue		6,050
Noncurrent liabilities		
Due within one year		585,000
Due in more than one year		12,590,000
Net pension liability		14,040,133
TOTAL LIABILITIES		27,782,400
DEFERRED INFLOWS OF RESOURCES		
Change in experience		1,048
TOTAL DEFERRED INFLOWS OF RESOURCES		1,048
NET POSITION		
Net investment in capital assets		(2,306,614)
Restricted for:		
Emergencies		367,080
Debt service		1,478,105
Unrestricted		(11,189,340)
TOTAL NET POSITION	$	(11,650,769)

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

FRONTIER ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental activities					
Instructional	$ 7,420,263	$ 329,011	$ 589,887	$ -	$ (6,501,365)
Support Services	2,729,218	-	-	244,018	(2,485,200)
Interest on long-term debt	623,272	-	-	-	(623,272)
Total governmental activities	$ 10,772,753	$ 329,011	$ 589,887	$ 244,018	(9,609,837)
		GENERAL REVENUES			
		Per pupil revenue			9,739,522
		Investment income			1,669
		Other			124,316
		TOTAL GENERAL REVENUES			9,865,507
		CHANGE IN NET POSITION			255,670
		Net position, beginning (restated, see Note 2)			(11,906,439)
		Net position, ending			$(11,650,769)

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

FRONTIER ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015

	General	Facility Corporation	(Nonmajor) Foundation Fund	Total
ASSETS				
Cash	$ 1,848,167	$ -	$ 3,993	$ 1,852,160
Restricted cash and investments	-	1,526,079	-	1,526,079
Prepaid expense	66,169	-	-	66,169
Intergovernmental receivable	3,532	-	-	3,532
TOTAL ASSETS	$ 1,917,868	$ 1,526,079	$ 3,993	$ 3,447,940
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	55,773	-	-	55,773
Accrued salaries and benefits	457,470	-	-	457,470
Unearned revenue	6,050	-	-	6,050
TOTAL LIABILITIES	519,293	-	-	519,293
FUND BALANCES				
Nonspendable	66,169	-	-	66,169
Restricted	367,080	1,526,079	-	1,897,152
Assigned	41,453	-	3,993	41,453
Unassigned	923,873	-	-	923,873
TOTAL FUND BALANCES	1,398,575	1,526,079	3,993	2,928,647
TOTAL LIABILITIES AND FUND BALANCES	$ 1,917,868	$ 1,526,079	$ 3,993	$ 3,447,940

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

FRONTIER ACADEMY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance - governmental funds		$ 2,928,647
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $16,926,791 and accumulated depreciation is $5,438,543.		10,868,386
Deferred loss on refunding, net of accumulated amortization		845,840
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	(13,175,000)	
Accrued interest on bonds payable	(47,974)	
Net pension liability	(14,040,133)	(27,263,107)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Contributions subsequent to measurement date	392,964	
Change in investment earnings	322,877	
Change in proportionate share	254,672	970,513
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Change in experience		(1,048)
Total net position		$ (11,650,769)

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

FRONTIER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Facility Corporation	(Nonmajor) Foundation Fund	Total
REVENUES				
Per pupil funding	9,739,522	$ -	$ -	$ 9,739,522
Local sources	589,292	-	52,674	641,966
Rental income	-	1,421,794	-	1,421,794
State and federal sources	573,624	-	-	573,624
Other income	71,642	-	-	71,642
Interest income	1,485	184	-	1,669
TOTAL REVENUES	10,975,565	1,421,978	52,674	12,450,217
EXPENDITURES				
Current:				
Instruction	6,598,216	-	-	6,598,216
Support services	3,942,208	16,198	14,859	3,973,265
Capital outlay	124,882	-	-	124,882
Debt service				
Principal	-	780,000	-	780,000
Interest	-	625,813	-	625,813
TOTAL EXPENDITURES	10,665,306	1,422,011	14,859	12,102,176
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	310,259	(33)	37,815	348,041
OTHER FINANCING SOURCES (USES)				
Transfers in	38,409	-	-	38,409
Transfers out	-	(184)	(38,225)	(38,409)
TOTAL OTHER FINANCING SOURCES (USES)	38,409	(184)	(38,225)	-
NET CHANGE IN FUND BALANCE	348,668	(217)	(410)	348,041
FUND BALANCE, Beginning (restated, see note 2)	1,049,907	1,526,296	4,403	2,580,606
FUND BALANCE, Ending	$ 1,398,575	$ 1,526,079	$ 3,993	$ 2,928,647

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

FRONTIER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - governmental funds		$ 348,041
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($436,988) exceeded capital outlay ($124,882).		(273,365)
Governmental funds report the effect of deferred outflows of resources from debt refundings when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Loss on refunding		(52,865)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond principal	565,000	
Note payable	215,000	780,000
Interest is paid when due in the governmental funds but recorded when payable in the statement of activities		2,541
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Change in contributions subsequent to measurement date	50,884	
Pension expense	(1,218,263)	
Pension expense (first year amortization)	(94,323)	
Employer contribution expense	713,020	(548,682)
Change in net position		$ 255,670

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

FRONTIER ACADEMY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

		Student Activity
Assets		
Cash and investments	$	131,035
Due from student groups		27,020
Total assets	$	158,055
Liabilities		
Accounts payable	$	17,940
Due to student groups		140,115
Total liabilities	$	158,055

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Frontier Academy (the School) conform to accounting principles generally accepted in the Unites States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

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

The school operates under a charter granted by the Weld County School District 6 (the District) Board of Education. The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2014), there were 1,420 FTE students. The PPR rate for the fiscal year ended June 30, 2015, was approximately $6,850.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The Frontier Academy Facilities Corporation (the Facility Corporation) and the Frontier Academy Foundation (the Foundation) meet the requirements for blending. The Facility Corporation was established for the purpose of holding title to the School facilities and to accumulate resources from the collection of rents from the School to make payments for the Facility Corporation's capital and debt service costs. The Facility Corporation is included in the School's financial statements as a special revenue fund. The Facility Corporation does not issue separate financial statements. The Foundation was formed in 2001 for the purpose of receiving, maintaining, and administering funds received as gifts for the benefit of the School. The Foundation does not have separate financial statements.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenues from donations are recognized when the funds are pledged to the School.

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

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

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

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

Major Government Funds

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

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

The School reports the following nonmajor funds:

Non-Major Government Funds

Special Revenue – Frontier Academy Foundation Fund: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports one special revenue fund for the Foundation.

Fiduciary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers

Interfund transfers are generally made between the general fund and the Facility Corporation fund in accordance with the terms of the building lease. Transfers between the Foundation and general fund are made for discretionary spending.

Use of Estimates in the Preparation of Financial Statements

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

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds. Investments are carried at fair value.

Capital Assets

Capital assets purchased by the Facility Corporation, which include land, buildings and building improvements, furniture and equipment are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506).

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 3 to 38 years.

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School has three types of items classified as deferred outflows of resources related to the implementation of GASB No. 68: 1) contributions subsequent to measurement date; and 2) change in investment earnings, and 3) change in proportionate share of the net pension liability. See Note 10 for additional information.

The School also has another type of item classified as a deferred outflow of resources: deferred charges on bond refunding. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow (or inflow) or resources. These amounts are amortized over the life of the old debt or the new debt, whichever is shorter.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of $457,470.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School's policy allows employees to accumulate paid time off. A portion of this leave may be carried forward to the succeeding year. Upon termination of employment, employees are compensated at rates ranging from $80 to $100 per day for unused days. A liability for this amount is recorded in the general fund as it cannot be predicted when employees will separate from the School and could be due and payable in the current year because of separation.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Deferred charges related to the bonds payable are amortized over the life of the bonds using the straight-line method.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2015. Due to the implementation of GASB No. 68, the School is required to report their proportionate share of PERA's unfunded pension liability. See Note 10 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School had one item, which is classified as a deferred inflow of resources due to the implementation of GASB No. 68: 1) change in experience. See Note 10 for additional information.

Net Position/Fund Balance

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

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

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact. The School has $66,169 of nonspendable resources as of June 30, 2015.

Restricted fund balances in the School's general fund indicate amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's general fund balance and Facilities Corporation fund are described in Note 9.

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

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager. The School has $41,453 in assigned fund balance in the general fund relating to encumbrances. The School also has $3,993 of assigned balance in the Foundation fund to be used for operations of the fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 2 – RESTATEMENT OF NET POSITION AND CORRECTION OF AN ERROR

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

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

The School's General Fund balance reported on the governmental funds balance sheet and the Governmental Activities net position have been restated as of June 30, 2014 to correct a prior year error for unearned revenues for the School. Unearned revenue was incorrectly posted to the School's general ledger for revenue that was earned during the year. The impact of this was to increase fund balance and net position as shown below.

	Governmental Activities
Net Position, June 30, 2014, as previously reported	$ 516,399
Cumulative Effect of Application of GASB No. 68, Net Pension Liability	(12,864,077)
Cumulative Effect of Application of GASB No. 71, Deferred Outflow of Resources for contributions made subsequent to June 30, 2014	342,080
Correction of an error relating to an understatement of net position	99,159
Net Position, June 30, 2014, as Restated	$ (11,906,439)

	General Fund
Fund Balance, June 30, 2014, as previously reported	$ 950,748
Correction of an error relating to an understatement of fund balance	99,159
Fund Balance, June 30, 2014, as Restated	$ 1,049,907

NOTE 3 – CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At June 30, 2015, the School's carrying amount of deposits was $1,852,160 and the bank balance was $2,014,112. These amounts include the fiduciary fund cash of $131,035 with a bank balance of $140,261.

The terms of the bonds require the Facility Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly payments from the School (Note 7) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

At June 30, 2015, $1,526,079 is held in reserved accounts required by the bond agreements which is to be used for payment of principal and interest on the bond in the event that sufficient funds are not available to make such payments when due. Included in the total $1,526,079 is $97,944 held in a reserve account required by the bond agreement, which is to be used for current principal and interest payments on the bond. Also included in the total is $250,023 is held in a repair and replacement fund. Withdrawals from the fund are allowed for maintenance and repair of the school facility.

Credit Risk – The School does not hold investments. The cash and investment reserve accounts owned by the Facilities Corporation are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by the Facility Corporation; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to include:

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

At June 30, 2015, the Facilities Corporation's investments consisted of cash and money market funds, the money market funds do not have a credit rating.

Interest rate risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not depreciated				
Land	$ 1,398,334	$ -	$ -	$ 1,398,334
Capital assets, being depreciated				
Buildings and building improvements	13,768,392	106,336	-	13,874,728
Furniture and equipment	511,683	18,546	-	530,229
Total capital assets, being depreciated	14,280,075	124,882	-	14,404,957
Accumulated depreciation:				
Buildings and building improvements	(4,061,475)	(389,401)	-	(4,450,876)
Furniture and equipment	(475,183)	(8,846)	-	(484,029)
Total accumulated depreciation	(4,536,658)	(398,247)	-	(4,934,905)
Total capital assets, being depreciated, net	9,743,417	(273,365)	-	9,470,052
Total capital assets	$ 11,141,751	$ (273,365)	$ -	$ 10,868,386

Depreciation expense of $398,247 was charged to instructional activities for the year ended June 30, 2015.

NOTE 5 – BONDS PAYABLE

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

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

The lease revenues which are the basis of the pledged revenues are described in Note 7. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately $20,000,000. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2015, approximately $1,400,000.

NOTE 5 – BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following at June 30, 2015:

Charter School Revenue Bonds dated October 4 2006, due in annual installments ranging from $430,000 to $1,115,000 through June 2031; interest rates from 3.5% to 5.125% payable semi-annually on December 1 and June 1. Revenue from the rental of the building (Note 7) has been pledged to pay bond principal and interest.	
Principal and interest	$ 13,175,000
Less current portion	(585,000)
Total	$ 12,590,000

The following schedule represents the School's debt service requirements to maturity for outstanding revenue bonds at June 30, 2015:

Year Ending	Principal	Interest	Total
June 30, 2016	$ 585,000	$ 590,313	$ 1,175,313
June 30, 2017	615,000	561,063	1,176,063
June 30, 2018	635,000	530,313	1,165,313
June 30, 2019	665,000	502,531	1,167,531
June 30, 2020	695,000	473,438	1,168,438
June 30, 2021-2025	3,955,000	1,883,969	5,838,969
June 30, 2026-2030	4,910,000	931,950	5,841,950
June 30, 2031	1,115,000	50,175	1,165,175
	$ 13,175,000	$ 5,523,752	$ 18,698,752

Changes in bonds payable for the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds payable	$ 13,740,000	$ -	$ 565,000	$ 13,175,000	$ 585,000

NOTE 6 – NOTES PAYABLE

The School had a note payable dated April 30, 2013 for $375,000, which is collateralized by land owned by the School. The applicable interest rate is 6%. The School made principal payments of $215,000 during the year ended June 30, 2015. The note matured on May 1, 2015.

Changes in notes payable for the year ended June 30, 2015, we as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Notes payable	$ 215,000	$ -	$ (215,000)	$ -	$ -

NOTE 7 – LEASES

The School leases its building from the Facilities Corporation. The lease requires monthly payments, which approximate the Facilities Corporation's required payments on the bonds (Note 5) and may be terminated in any year by non-appropriation of funds. The Facilities Corporation has pledged the lease payments to pay bond principal and interest. Rent expense was $1,421,794 for the year ended June 30, 2015, and is included in support services expenditures in the general fund.

The School also has an operating lease agreement to share certain facilities, including an auditorium, track and baseball field with University Schools. The lease commenced December 2002 with automatic renewal each year unless terminated through June 2031. The two schools equally share the cost, management and profits of the shared facilities. Rent expense was $83,133 for the year ended June 30, 2015 and is included support services expenditures in the general fund.

Future payments on the operating lease are as follows:

Year Ending	Principal	Interest	Total
June 30, 2016	$ 30,084	$ 53,313	$ 83,397
June 30, 2017	31,704	51,573	83,277
June 30, 2018	33,642	49,631	83,273
June 30, 2019	35,846	47,571	83,417
June 30, 2020	37,811	45,375	83,186
June 30, 2021-2025	228,380	188,636	417,016
June 30, 2026-2030	310,043	107,764	417,807
June 30, 2031	151,258	9,018	160,276
	$ 858,768	$ 552,881	$ 1,411,649

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue. The 3% emergency reserve is still required both at the District and the School level. At June 30, 2015, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance.

NOTE 9 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE (CONTINUED)

The Facilities Corporation is required to hold funds in escrow accounts related to its bond obligations as identified in Note 3, net position/fund balance are restricted attributable to the restrictions on its cash and investments. This amounts to $$1,478,105 and 1,526,079, respectively, for the year ended June 30, 2015.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

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

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the 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 are set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirements are determined by the amount of service credit earned and/or purchases, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

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

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

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

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

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

NOTE 10 – 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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the School for the years ended June 30, 2015, 2014 and 2013 were approximately $812,000, $654,000 and $640,000, respectively.

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

At June 30, 2015, the School reported a liability of $14,040,133 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013.

Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the School's proportion was 0.1035915346%, which was an increase of 0.0027361471% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the School recognized pension expense of $1,312,586. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,048
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	322,877	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	254,672	-
Contributions subsequent to the measurement date	392,964	-
Total	$ 970,513	$ 1,048

$392,964 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, 2015. 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, 2015	
2016	$ 174,654
2017	174,654
2018	146,474
2019	80,719
2020	-
Thereafter	-

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

Asset Class	**Target Allocation**	**10 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 18,513,197	$ 14,040,133	$ 10,296,101

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

NOTE 11 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding Policy – The School is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51,

Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014 and 2013, the School's contributions to the HCTF were $45,641, $38,713 and $40,187, respectively, equal to their required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Per pupil funding	$ 9,727,998	$ 9,739,522	$ 9,739,522	$ -
Local sources	455,000	556,796	589,292	32,496
State and federal sources	464,155	592,652	573,624	(19,028)
Other income	115,000	75,000	71,642	(3,358)
Interest income	1,500	1,400	1,485	85
TOTAL REVENUES	10,763,653	10,965,370	10,975,565	10,195
EXPENDITURES				
Current				
Instruction	6,785,071	6,779,000	6,598,216	180,784
Support services	3,837,220	3,864,505	3,942,208	(77,703)
Capital outlay	356,000	345,000	124,882	220,118
TOTAL EXPENDITURES	10,978,291	10,988,505	10,665,306	323,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(214,638)	(23,135)	310,259	333,394
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	32,100	38,409	6,309
TOTAL OTHER FINANCING SOURCES (USES)	1,000	32,100	38,409	6,309
NET CHANGE IN FUND BALANCE	(213,638)	8,965	348,668	339,703
FUND BALANCE, Beginning	455,894	716,057	1,049,907	333,850
FUND BALANCE, Ending	$ 242,256	$ 725,022	$ 1,398,575	$ 673,553

See accompanying Notes to the Required Supplementary Information.

FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – FRONTIER ACADEMY FACILITIES CORPORATION
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	$ 145	$ 170	$ 184	$ 14
Rental income	1,560,250	1,539,000	1,421,794	(117,206)
TOTAL REVENUES	1,560,395	1,539,170	1,421,978	(117,192)
EXPENDITURES				
Current:				
Support services	25,482	16,257	16,198	59
Debt service				
Principal	565,000	565,000	780,000	(215,000)
Interest	612,913	612,913	625,813	(12,900)
TOTAL EXPENDITURES	1,203,395	1,194,170	1,422,011	(227,841)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	357,000	345,000	(33)	(345,033)
OTHER FINANCING SOURCES (USES)				
Transfers out	(357,000)	(345,000)	(184)	344,816
TOTAL OTHER FINANCING SOURCES (USES)	(357,000)	5,466,510	(184)	344,816
NET CHANGE IN FUND BALANCE	-	5,811,510	(217)	(217)
FUND BALANCE, Beginning	143,700	143,700	1,526,296	-
FUND BALANCE, Ending	$ 143,700	$ 5,955,210	$ 1,526,079	$ (217)

See accompanying Notes to the Required Supplementary Information.

FRONTIER ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

	2014	2013
School's proportion (percentage) of the collective net pension liability (asset)	0.1035915346%	0.1008553875%
School's proportionate share of the collective pension liability (asset)	$ 14,040,133	$ 12,864,077
Covered-employee payroll	1,835,405	1,713,366
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	764.96%	750.81%
Plan fiduciary net pension as a percentage of the total pension liability	62.80%	64.06%

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

See accompanying Notes to the Required Supplementary Information.

FRONTIER ACADEMY
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
Last 10 Fiscal Years *

As of June 30,	2015	2014
Statutorily required contributions	$ 788,560	$ 654,000
Contributions in relation to the statutorily required contribution	788,560	654,000
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 4,474,627	$ 3,795,411
Contribution as a percentage of covered-employee payroll	17.62%	17.23%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier than 2013 was not available.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.

b) The Public hearings are conducted by the School's Board of Directors to obtain parents and other members of the public comment and recommendations.

c) Prior to June 30, the budget is adopted by formal resolution.

d) The School's contract with the District requires submission of the approval and amended budgets to the District.

e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.

f) Budgets for all fund types are adopted on a basis consistent with GAAP.

g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget for the general fund as adopted by the School's Board of Directors on June 5, 2015, and the final facilities corporation's budget approved by the Board on June 5, 2015. The Frontier Academy Foundation's final budget was also adopted by the Board on June 5, 2015 and is shown as Supplementary Information.

h) All appropriations lapse at the end of each fiscal year.

FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FRONTIER ACADEMY FOUNDATION
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources	$ 2,000	$ 52,500	$ 52,674	$ 174
TOTAL REVENUES	2,000	52,500	52,674	174
EXPENDITURES				
Current:				
Support services	2,000	53,100	14,859	38,241
TOTAL EXPENDITURES	2,000	53,100	14,859	38,241
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(600)	37,815	38,415
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(38,225)	(38,225)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(38,225)	(38,225)
NET CHANGE IN FUND BALANCE	-	(600)	(410)	190
FUND BALANCE, Beginning	-	-	4,403	-
FUND BALANCE, Ending	$ -	$ (600)	$ 3,993	$ 190