HORIZONS K-8 SCHOOL

FINANCIAL STATEMENTS

June 30, 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Horizons K-8 School
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and remaining fund information of Horizons K-8 School, a component unit of Boulder Valley School District, as of and for the year ended June 30, 2017, which collectively comprise Horizons K-8 School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and remaining fund information of Horizons K-8 School as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Separate Charter School

Horizons K-8 School has a separate charter school contract with Boulder Valley School District. The Colorado Department of Education requires each School to provide separate audited financial statements. As described in Note 1, the majority of the School's funding is provided by the District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii – viii, budgetary comparison information on page 20 and pension schedules on pages 21 – 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Horizons K-8 School's basic financial statements. The budgetary comparison schedule - Operations and Technology Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
October 31, 2017

HORIZONS K-8 SCHOOL

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2017

As management of Horizons K-8 School ("the School"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

The School was founded as the second charter school in the Boulder Valley School District RE-2 ("the District"), in July 1997.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $6,206,746 (net position).
- Total net position decreased $1,784,793 during the current year.
- At the close of the current fiscal year, the School's governmental funds reported fund balance of $1,358,068, an increase of $207,586 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund is $1,226,768, or approximately 33.9% of total general fund expenditures.

Overview of Financial Statements

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

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

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

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

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

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

The School reports one governmental fund that is considered a major fund, the general fund, and one additional fund reported as a non-major governmental fund. The basic governmental fund financial statements can be found on pages 3-4. Fund information for the nonmajor fund is presented after the notes section of this report.

Notes to Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 5-19.

Government-Wide Financial Analysis

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

A portion of net position ($201,430) reflects its investment in capital assets (e.g., equipment). The School uses these capital assets to provide a variety of services to its students. Accordingly, these assets are not available for future spending. It should be noted that the facility that houses the School is owned by the District and is used by the School as provided in its charter school contract with the District.

An additional portion of net position ($131,300) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a deficit of $6,539,476, which represents the portion that is unrestricted and would otherwise be used to meet the School's ongoing obligations.

Horizons K-8 School
Comparative Summary of Net Position

	Governmental Activities	
	2017	**2016**
Assets		
Current and other assets	$ 1,523,146	$ 1,304,220
Capital assets	201,430	192,607
Total Assets	1,724,576	1,496,827
Deferred Outflows of Resources	4,780,685	795,699
Liabilities		
Current liabilities	165,078	153,738
Net pension liability	12,427,756	6,327,423
Total Liabilities	12,592,834	6,481,161
Deferred Outflows of Resources	119,173	233,318
Net Position		
Investment in capital assets	201,430	192,607
Restricted	131,300	120,647
Unrestricted	(6,539,476)	(4,735,207)
Total Net Position	$ (6,206,746)	$ (4,421,953)

Total assets increased $227,749 during 2017. Current and other assets increased $218,926, due primarily to an excess of revenues over expenses, excluding adjustments to net pension expense.

Net pension liability increased $6,100.333, in addition to changes in related deferred inflows or resources and deferred outflows of resources, due to the application of GASB Nos. 68 and 71, the net impact of which required the School to recognize approximately $2,001,000 of pension related expense during 2017.

Net position decreased $1,784,793 during 2017, the reasons for which are discussed below.

Horizons K-8 School
Comparative Summary of Changes in Net Position

	Governmental Activities	
	2017	**2016**
Revenues:		
Program revenues		
Charges for services	$ 219,762	$ 219,141
Operating grants and contributions	128,075	109,706
Capital grants and contributions	45,994	63,103
General revenues		
Per pupil revenues	2,459,032	2,404,697
District mill levy	892,768	778,476
Grants and contributions not restricted	170,169	248,480
Other	18,133	3,501
Total Revenues	3,933,933	3,827,104
Expenses:		
Instruction	3,924,916	2,722,133
Supporting services	1,793,810	1,212,852
Total Expenses	5,718,726	3,934,985
Change in Net Position	(1,784,793)	(107,881)
Net Position, Beginning	(4,421,953)	(4,314,072)
Net Position, Ending	$ (6,206,746)	$ (4,421,953)

Total revenues increased $106,829 (2.8%) from the prior year. The School's primary source of revenue, per pupil revenues and mill levy overrides flow from the District based upon the School's enrollment. 2017 per pupil revenue increased $54,335 (2.3%), due primarily to a cost of living adjustment, as determined by the State. The School shares in the District's mill levy override revenues on a per pupil basis and received an additional $114,292 (14.7%) in 2017, the majority of which related to a new operations and technology mill levy approved by voters in November 2016. Unrestricted grants and contributions decreased $78,311, due primarily to reduced fundraising.

Total expenses increased $1,781,741 (45.3%), due primarily to an increase in pension and related costs.

Financial Analysis of the General Fund

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

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

At the end of the current fiscal year, unassigned fund balance of the general fund was $1,226,768, while the total fund balance increased $204,268 to $1,354,750. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. The unassigned fund balance represents approximately 33.9% of total general fund expenditures, while the total fund balance represents approximately 37.4% of the same amount.

General Fund Budgetary Highlights

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

Actual revenues were less than budgeted revenues by $12,831, as student activity fees were less than expected.

Actual expenditures were less than budgeted expenditures by $1,173,061, due primarily to unspent emergency reserves of $1,000,181.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets (net of depreciation) as of June 30, 2017, and 2016 are as follows.

Horizons K-8 School
Capital Assets (Net of Depreciation)

	Governmental Activities	
	2017	2016
Construction in Progress	$ -	$ 25,178
Land Improvements	188,101	161,232
Building Improvements	7,594	-
Equipment	5,735	6,197
	$ 201,430	$ 192,607

The increase in capital assets is due primarily to completion of a new community garden project, offset by current year depreciation expense. As noted earlier, the School's contract with the District allows the School to use buildings owned by the District.

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

Long-Term Debt. The School has no long-term debt as of June 30, 2017.

Economic Factors and Next Year's Budget

The primary factor driving the budget for The School is student enrollment. Enrollment for the 2016-17 school year was 331 full-time equivalent (FTE) students. The enrollment projected for the 2017-18 school year is 333 FTE students. The School's contract with the District provides funding of $7,588 per student in 2017-18 and $7,351 in 2016-17. Additionally, the School receives override and categorical revenues from the District on a per pupil basis. While these revenue sources realized small increases, for the seventh consecutive year the Colorado State Legislature continued to lower the statewide total funding by applying a negative factor to reduce total program funding received. The School may need to seek other local sources to balance its budget.

Requests for Information

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

Horizons K-8 School
Lauren Tracey, Principal
4545 Sioux Drive
Boulder, CO 80303

BASIC FINANCIAL STATEMENTS

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Horizons K-8 School
STATEMENT OF NET POSITION
June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 1,522,236
Other	910
Capital Assets, Net of Accumulated Depreciation	201,430
TOTAL ASSETS	1,724,576
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Items	4,780,685
LIABILITIES	
Accounts Payable	2,825
Accrued Compensation and Benefits	162,253
Net Pension Liability	12,427,756
TOTAL LIABILITIES	12,592,834
DEFERRED INFLOWS OF RESOURCES	
Pension Related Items	119,173
NET POSITION	
Investment in Capital Assets	201,430
Restricted for Capital Renewal	20,000
Restricted for Emergencies	111,300
Unrestricted	(6,539,476)
TOTAL NET POSITION	$ (6,206,746)

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

Horizons K-8 School
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

FUNCTIONS/ PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 3,924,916	$ 219,762	$ 91,553	$ 45,994	$ (3,567,607)
Supporting Services	1,793,810	-	36,522	-	(1,757,288)
Total Governmental Activities	$ 5,718,726	$ 219,762	$ 128,075	$ 45,994	(5,324,895)
			GENERAL REVENUES		
			Per Pupil Revenue		2,459,032
			District Mill Levy		892,768
			Grants and Contributions not Restricted to Specific Programs		170,169
			Other		18,133
			TOTAL GENERAL REVENUES		3,540,102
			CHANGE IN NET POSITION		(1,784,793)
			NET POSITION, Beginning		(4,421,953)
			NET POSITION, Ending		$ (6,206,746)

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

Horizons K-8 School
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL	NONMAJOR GOVERNMENTAL FUND	TOTAL
ASSETS			
Cash and Investments	$ 1,518,918	$ 3,318	$ 1,522,236
Other	910	-	910
TOTAL ASSETS	$ 1,519,828	$ 3,318	$ 1,523,146
LIABILITIES			
Accounts Payable	$ 2,825	$ -	$ 2,825
Accrued Compensation and Benefits	162,253	-	162,253
TOTAL LIABILITIES	165,078	-	165,078
FUND BALANCES			
Restricted for Capital Renewal	20,000	-	20,000
Restricted for Emergencies	107,982	3,318	111,300
Unrestricted, Unassigned	1,226,768	-	1,226,768
TOTAL FUND BALANCES	1,354,750	3,318	1,358,068
TOTAL LIABILITIES AND FUND BALANCE	$ 1,519,828	$ 3,318	$ 1,523,146

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

Total Fund Balances of the Governmental Funds	$ 1,358,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	201,430
Net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(12,427,756)
Deferred outflows of resources related to pensions used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,780,685
Deferred inflows of resources related to pensions used in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(119,173)
Total Net Position of Governmental Activities	$ (6,206,746)

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

Horizons K-8 School
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	GENERAL	NONMAJOR GOVERNMENTAL FUND	GENERAL
REVENUES			
Local Sources	$ 3,703,082	$ 110,738	$ 3,813,820
State Sources	120,113	-	120,113
TOTAL REVENUES	3,823,195	110,738	3,933,933
EXPENDITURES			
Instruction	2,572,892	-	2,572,892
Supporting Services	1,046,035	107,420	1,153,455
TOTAL EXPENDITURES	3,618,927	107,420	3,726,347
NET CHANGE IN FUND BALANCES	204,268	3,318	207,586
FUND BALANCES, Beginning	1,150,482	-	1,150,482
FUND BALANCES, Ending	$ 1,354,750	$ 3,318	$ 1,358,068

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of the Governmental Funds	$ 207,586
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlay $19,128 exceeded depreciation expense ($10,305) in the current year.	8,823
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. This is the amount of pension expense not reported in the governmental funds.	(2,001,202)
Change in Net Position of Governmental Activities	$ (1,784,793)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Horizons K-8 School (the "School") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Boulder Valley School District RE-2 (the "District"). The School began operations in the fall of 1997.

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or others 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. Unrestricted revenues not properly included among program revenues are reported instead as *general revenues*.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year and within 90 days of the end of the current year for grants. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The School reports the following major governmental fund:

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

Assets, Liabilities and Fund Equity

Cash and Investments - Investments are reported at fair value.

Capital Assets - Capital assets, which consist of equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition price at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend asset lives are not capitalized.

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

Assets, Liabilities and Fund Equity (Continued)

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

Land Improvements	15 to 20 years
Building Improvements	20 to 50 years
Equipment	5 to 20 years

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School reports certain items in this category related to its defined benefit pension plan (see Note 4).

Accrued Compensation and Benefits - Salaries and benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Net Pension Liability - The School reports a net pension liability for its proportionate share of PERA's unfunded pension liability. See Note 4 for additional information.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School reports certain items in this category related to its defined benefit pension plan (see Note 4).

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed, such as a grantor, donor or higher level government. Nonspendable fund balances represent amounts that are not in a spendable form, such as inventory and prepaid items. The Horizons K-8 School Board is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balance to a specific purpose through an informal action. Unassigned fund balance represents the residual amount reported when the balances do not meet any of the above criterion. The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

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

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2017, consisted of the following:

Deposits	$ 565,161
Cash Held by the District	957,075
Total	$ 1,522,236

Deposits

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

Investments

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

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

The School had no investments at June 30, 2017.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is summarized below.

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	$ 25,178	$ 11,238	$ (36,416)	$ -
Total Capital Assets, Not Being Depreciated	25,178	11,238	(36,416)	-
Capital Assets, Being Depreciated				
Land Improvements	191,134	36,416	-	227,550
Building Improvements	-	7,890	-	7,890
Equipment	6,928	-	-	6,928
Total Capital Assets, Being Depreciated	198,062	44,306	-	242,368
Less Accumulated Depreciation For				
Land Improvements	29,902	9,547	-	39,449
Building Improvements	-	296	-	296
Equipment	731	462	-	1,193
Total Accumulated Depreciation	30,633	10,305	-	40,938
Total Capital Assets, Being Depreciated, Net	167,429	34,001	-	201,430
Governmental Activities Capital Assets, Net	$ 192,607	$ 45,239	$ (36,416)	$ 201,430

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

NOTE 4: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

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

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

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

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

NOTE 4: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

	For the Year Ended	
	12/31/2016	12/31/2017
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]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF[1]	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $348,404 for the year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability of $12,427,756 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the School's proportion was 0.04174048 percent, which was an increase of 0.00036935 from its proportion measured as of December 31, 2015.

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2017, the School recognized pension expense of $2,001,202. At June 30, 2017, 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	$ 154,903	$ 115
Changes of assumptions or other inputs	4,032,547	55,547
Net difference between projected and actual earnings on pension plan investments	415,402	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	63,511
Contributions subsequent to the measurement date	177,833	-
Total	$ 4,780,685	$ 119,173

$177,833 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	$ 1,784,528
2019	1,785,960
2020	909,046
2021	4,145
2022	-
Thereafter	-

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

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

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

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	$ 15,627,504	$ 12,427,756	$ 9,821,677

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 5: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy - The School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016, and 2015, the School's contribution to the HCTF were $19,335, $18,254, and $19,189, respectively, equal to their required contributions for each year.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2017, significant amounts of related expenditures have not been audited, but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The School believes it is in compliance with the Amendment. The Amendment requires all governments to establish a reserve for emergencies, representing 3% of fiscal year spending. At June 30, 2017, the emergency reserve of $111,300 was reported as restricted fund balance and net position.

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REQUIRED SUPPLEMENTARY INFORMATION

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Horizons K-8 School
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	$ 2,447,148	$ 2,459,032	$ 2,459,032	$ -
District Mill Levy	788,542	782,032	782,030	(2)
Outdoor Education Fees	59,000	59,000	60,383	1,383
Student Activities	217,750	187,686	159,379	(28,307)
Contributions	192,800	215,443	224,125	8,682
Other	3,666	13,000	18,133	5,133
State Sources				
Capital Construction	40,095	45,714	45,994	280
Categorical	74,036	74,119	74,119	-
TOTAL REVENUES	3,823,037	3,836,026	3,823,195	(12,831)
EXPENDITURES				
Instruction	2,665,341	2,778,407	2,572,892	205,515
Supporting Services	1,168,807	1,013,400	1,046,035	(32,635)
Reserves	347,115	1,000,181	-	1,000,181
TOTAL EXPENDITURES	4,181,263	4,791,988	3,618,927	1,173,061
NET CHANGE IN FUND BALANCE	(358,226)	(955,962)	204,268	1,160,230
FUND BALANCE, Beginning	1,012,697	1,124,102	1,150,482	26,380
FUND BALANCE, Ending	$ 654,471	$ 168,140	$ 1,354,750	$ 1,186,610

Horizons K-8 School
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years*

	2016	2015	2014	2013
School's proportion (percentage) of the collective net pension liability (asset)	0.04174048%	0.04137113%	0.04353652%	0.04287508%
School's proportionate share of the collective pension liability (asset)	12,427,756	6,327,423	5,900,660	5,402,386
Covered payroll	1,873,389	1,802,963	1,823,866	1,707,470
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net pension as a percentage of the total pension liability	43.10%	59.20%	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.

Horizons K-8 School
SCHEDULE OF THE CONTRIBUTIONS AND RELATED RATIOS
Last 10 Fiscal Years*

As of June 30,	2017	2016	2015	2014
Statutorily required contributions	$ 348,404	$ 317,303	$ 317,564	$ 283,251
Contributions in relation to the statutorily required contribution	348,404	317,303	317,564	283,251
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	1,895,560	1,789,642	1,881,303	1,771,999
Contribution as a percentage of covered payroll	18.38%	17.73%	16.88%	15.98%

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The budgets are legally adopted on a basis consistent with generally accepted accounting principles ("GAAP").

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

- By June 30, management submits to the Horizons K-8 School Board proposed budgets for the fiscal year commencing the following July 1. The budgets include proposed expenditures and the means of financing them.

- Prior to June 30, the budgets are adopted by the Horizons K-8 School Board.

- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Horizons K-8 School Board.

- All appropriations lapse at fiscal year end.

NONMAJOR GOVERNMENTAL FUND

Special Revenue Fund

Operations and Technology Fund - This fund accounts for revenues and expenditures related to an operations and technology mill levy approved by voters November 2016.

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Horizons K-8 School

BUDGETARY COMPARISON SCHEDULE
OPERATIONS AND TECHNOLOGY FUND
Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL Positive (Negative)
REVENUES				
District Mill levy	$ -	$ 110,742	$ 110,738	$ (4)
TOTAL REVENUES	-	110,742	110,738	(4)
EXPENDITURES				
Supporting Services	-	107,420	107,420	-
Reserves	-	3,322	-	3,322
TOTAL EXPENDITURES	-	110,742	107,420	3,322
NET CHANGE IN FUND BALANCE	-	-	3,318	(3,326)
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ 3,318	$ (3,326)

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