

TWIN PEAKS CHARTER ACADEMY

BASIC FINANCIAL STATEMENTS

June 30, 2017



RECEIVED

By the Office of the State Auditor at 2:17 pm, Nov 16, 2017

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i - iv
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – All Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position - Proprietary Fund Type	6
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Type	7
Statement of Cash Flows - Proprietary Fund Type	8
Statement of Fiduciary Net Position	9
Notes to the Financial Statements	10 - 34
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	35
Schedule of the School's Proportionate Share	36
Schedule of the School's Contributions	37
Individual Fund Financial Schedules	
Budgetary Comparison Schedule – Capital Reserve Fund	38
Budgetary Comparison Schedule – Agency Fund	39
Statement of Changes in Assets and Liabilities – Agency Fund	40



JOHN CUTLER & ASSOCIATES

Board of Directors
Twin Peaks Charter Academy
Longmont, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Peaks Charter Academy, component unit of the St. Vrain Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Academy, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Peaks Charter Academy, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 35-37 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 Academy's basic financial statements. The individual fund financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

October 31, 2017

Management's Discussion and Analysis

As management of Twin Peaks Charter Academy (the Charter), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the basic financial statements.

Financial Highlights

- The Charter reported a deficit net position of \$9.4 million primarily due to the Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and recognizing its proportionate share of a net pension liability of \$24.3 million at June 30, 2017.
- Total net position of the Charter decreased by \$4.0 million during the year ended June 30, 2017, primarily the result of recognizing \$4.2 million of its proportionate share of the pension expense under GASB Statement No. 68. This pension expense increase resulted from Colorado PERA's increase in the collective net pension liability due to the lowering of the long-term return expectation from 7.5 percent to 7.25 percent and their experience study showing members living longer resulting in longer benefit pay outs.
- During the current year, the fund balance in the Charter's General Fund balance increased by \$343 thousand or 13% to end the year at \$3.1 million.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Charter's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 1-9 are comprised of Government-Wide Financial Statements and Fund Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of The Charter finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all of The Charter's assets and liabilities, with the difference between the two 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 Charter is improving or deteriorating, however noting that these statements include required Pension liability accounting.

The statement of activities presents information showing how the net position changed during the 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 even though the resulting cash flow may be recorded in a future or past period.

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. The Charter, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund Financial statements for the Charter include fund types of governmental, proprietary, and fiduciary.

Governmental fund

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

The Charter maintained two individual governmental funds; the general fund and the capital reserve fund, however the capital reserve fund was transferred to the general fund and is not anticipated to be a separate fund in future years. Information is presented separately on the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The Charter adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with the budget.

Proprietary Fund - Internal Services Fund

The Charter's Building Corporation information is presented separately as an Internal Service or Proprietary Fund. This fund is used for the financing and construction of the facilities and property.

Fiduciary Fund - Agency Fund

The Agency Fund is used for student and fundraising activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 10-34 of this report.

Comparative Summary of Net Position as of June 30, 2017 and 2016 (in Thousands)

	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
Assets			
Current Assets	6,118	5,883	4%
Capital Assets	22,655	22,969	-1%
Total Assets	28,773	28,852	0%
Deferred Outflows	12,960	5,062	156%
Liabilities			
Current Liabilities	754	686	-10%
Long-term Liabilities	26,030	26,508	2%
Pension Liability	24,262	11,962	-103%
Total Liabilities	51,046	39,156	-30%
Deferred Inflows	110	170	35%
Net Position			
Net Investment in Capital Assets	(884)	(948)	7%
Restricted for Tabor	242	247	2%
Restricted for Working Capital	808	793	-2%
Unrestricted	(9,587)	(5,504)	-74%
Total Net Position	(9,422)	(5,412)	-74%

**Comparative Schedule of Changes in Net Position
for the Years Ended June 30, 2017 and 2016
(in Thousands)**

	<u>Governmental Activities</u>		Total Percentage Change
	2017	2016	<u>2016-2017</u>
Revenues			
Program Revenues			
Operating Grants and Contributions	99	82	21%
Charges for Services	204	201	2%
Capital Grants and Contributions	252	251	0%
General Revenue			
Property Tax (district allocation)	6,592	6,810	-3%
Mill Levy Override	1,181	1,150	3%
Capital Contribution from District	247	-	0%
Other	15	39	-62%
Total Revenues	<u>8,591</u>	<u>8,533</u>	1%
Expenses			
Instructional	6,959	4,701	-48%
Supporting Services	4,434	2,964	-50%
Interest on Long-Term Debt	<u>1,208</u>	<u>1,218</u>	1%
Total Expenses	12,601	8,883	-42%
Change in Net Position	(4,010)	(350)	1047%
Net Position, Beginning of Year	(5,412)	(5,062)	7%
Net Position, End of Year	<u>(9,422)</u>	<u>(5,412)</u>	74%

Financial Overview

The fiscal year ending June 30, 2017 is the 20th year of operations for The Charter. Total assets were lower than liabilities by \$9.4 million (net position). This negative net position is primarily due to the required Pension Governmental Accounting Standard (GASB 68). This standard requires a portion of the total Net Pension Liability be reported on employer's balance sheets. Employers are not required to pay-off the liability or accelerate payments for this liability. The reported Net Pension Liability for The Charter was \$24.3 million with total negative impact on the net position of governmental activities related to pensions of \$14.4 million.

Assets decreased by \$79 thousand over fiscal year 2016 and Liabilities increased by \$11.9 million due to the increase in the Net Pension Liability. Deferred Outflows increased by \$7.9 million which was due to Pension Accounting.

The unassigned fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. The governmental funds reported an ending unassigned fund balance of \$2 million. This was an increase of \$275 thousand over the prior year.

General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget and finalized in January. The fiscal year 2017 Amended Budget anticipated a \$58 thousand increase to the General Fund. There was an actual increase to the General Fund Balance of \$343 thousand which was an increase of \$285 thousand over the Amended Budget. This increase in total reserves from Amended Budget to Actual is due primarily to a strict adherence to budgeted expenditures.

Capital Assets and Debt Administration

As of June 30, 2016, capital assets consisted primarily of the instructional facilities. In 2008 The Charter funded the acquisition of 12+ acres including a 160,000 square foot building and construction improvements for the instructional facility incurring long-term debt totaling \$14.23 million. This bonding effort renovated 80,000 square feet for the K-8 including a cafeteria with kitchen, gymnasium, auditorium, grass field and playground.

In 2011 The Charter expanded to include a High School and renovated an additional 50,000 square feet including a band room, choir room, full gymnasium, cafetorium, and 33 classrooms incurring long-term debt totaling \$4.78 million. The Charter also expended \$1.1 million of reserves for the purchase of 9+ acres of land for future athletic fields within walking distance of the instructional facilities. All remaining bond proceeds, as well as interest earned on the proceeds, are classified as restricted assets and as a reserved fund balance in the financial statements as their use is limited by applicable bond covenants.

In February 2013 The Charter purchased 2.4+ acres adjacent to the north parking lot to join the instructional property with the 9+ acres purchased for athletic fields. An interest only loan of \$365,000 was secured as well as a construction line of credit of \$350,000 to augment \$200,000 of Building Corporation funds to finance the build out of an additional three High School classrooms in support of enrollment growth for the 13/14 school year, and complete the High School Locker Room.

In August 2014 additional bonds were secured totaling \$21.99 million. The proceeds were used to pay off the 2008 bond, the 2013 interest only loan and the construction line of credit. Additionally, 4.22 acres of land was purchased, construction of four science labs, an additional computer lab and classroom space was completed and construction was completed for two full size soccer/play fields with a regulation track and field, field access and parking improvements.

Student Enrollment and Economic Factors

The primary factor in funding and budget development is student enrollment. The Charter enrollment was 941 students for the 2016-17 school year which was down from 982 students for the 2015-16 school year. There were 1028 students for the 2014-15 school year, 1044 students for the 2013-14 school year, 1014 students for the 2012-13 school year, 937 students for the 2011-12 school year, and 707 students for the 2010-11 school year. Current economic projections are also considered in determining per pupil funding levels when developing the budgets.

Requests for Information

This financial discussion and analysis is designed to provide a general overview of The Charter. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mary Beth Cowie
Financial Administrator
Twin Peaks Charter Academy
340 South Sunset Street
Longmont, CO 80501

BASIC FINANCIAL STATEMENTS

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF NET POSITION

As of June 30, 2017

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Investments	\$ 3,598,071	\$ 3,237,126
Restricted Cash and Investments	2,490,595	2,590,660
Accounts Receivable	250	7,524
Prepaid Expenses	29,435	47,514
Capital Assets, Not Being Depreciated	2,761,981	2,514,605
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>19,893,130</u>	<u>20,454,812</u>
TOTAL ASSETS	<u>28,773,462</u>	<u>28,852,241</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	2,955,785	3,065,258
Related to Pensions	<u>10,004,415</u>	<u>1,996,295</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,960,200</u>	<u>5,061,553</u>
LIABILITIES		
Accounts Payable	134,895	3,052
Due to the District	7,632	106,921
Interest Payable	203,110	204,135
Accrued Salaries and Benefits	404,583	357,072
Unearned Revenues	3,335	15,458
Noncurrent Liabilities		
Net Pension Liability	24,261,991	11,961,891
Due in One Year	470,000	465,000
Due in More than One Year	<u>25,560,123</u>	<u>26,042,547</u>
TOTAL LIABILITIES	<u>51,045,669</u>	<u>39,156,076</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>109,622</u>	<u>169,540</u>
NET POSITION		
Net Investment in Capital Assets	(884,417)	(947,470)
Restricted for Emergencies	242,005	247,000
Restricted for Working Capital	807,523	792,716
Unrestricted	<u>(9,586,740)</u>	<u>(5,504,068)</u>
TOTAL NET POSITION	<u>\$ (9,421,629)</u>	<u>\$ (5,411,822)</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2017	2016
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	\$ 6,958,992	\$ 204,030	\$ 99,468	\$ -	\$ (6,655,494)	\$ (4,423,599)
Supporting Services	4,434,187	-	-	252,196	(4,181,991)	(2,706,979)
Interest on Long-Term Debt	1,207,531	-	-	-	(1,207,531)	(1,218,275)
Total Governmental Activities	<u>\$ 12,600,710</u>	<u>\$ 204,030</u>	<u>\$ 99,468</u>	<u>\$ 252,196</u>	(12,045,016)	(8,348,853)
GENERAL REVENUES						
					6,591,651	6,809,679
Per Pupil Revenue					1,181,380	1,150,377
Mill Levy Override					27	38,505
Other					14,775	706
Interest						
SPECIAL ITEM						
Capital Contribution from District					247,376	-
TOTAL GENERAL REVENUES					<u>8,035,209</u>	<u>7,999,267</u>
CHANGE IN NET POSITION					(4,009,807)	(349,586)
NET POSITION, Beginning					<u>(5,411,822)</u>	<u>(5,062,236)</u>
NET POSITION, Ending					<u>\$ (9,421,629)</u>	<u>\$ (5,411,822)</u>

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

TWIN PEAKS CHARTER ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2017	2016
ASSETS				
Cash and Investments	\$ 3,598,071	\$ -	\$ 3,598,071	\$ 3,237,126
Accounts Receivable	250	-	250	7,524
Due From Other Funds	-	-	-	158
Prepaid Items	29,435	-	29,435	47,514
TOTAL ASSETS	\$ 3,627,756	\$ -	\$ 3,627,756	\$ 3,292,322
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 134,895	\$ -	\$ 134,895	\$ 3,052
Due to the District	7,632	-	7,632	106,921
Accrued Salaries and Benefits	404,583	-	404,583	357,072
Unearned Revenues	3,335	-	3,335	15,458
	550,445	-	550,445	482,503
FUND BALANCES				
Nonspendable	29,435	-	29,435	47,514
Restricted for Emergencies	242,005	-	242,005	247,000
Restricted for Working Capital	807,523	-	807,523	792,716
Unassigned	1,998,348	-	1,998,348	1,722,589
TOTAL FUND BALANCES	3,077,311	-	3,077,311	2,809,819
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,627,756	\$ -		

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	1,547,471	1,615,284
Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	320,787	298,211
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of (\$24,261,991), deferred outflows related to pensions of \$10,004,415, and deferred inflows related to pensions of (\$109,622).	(14,367,198)	(10,135,136)
Net position of governmental activities	\$ (9,421,629)	\$ (5,411,822)

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2017	2016
REVENUES				
Local Sources	\$ 7,991,056	\$ -	\$ 7,991,056	\$ 8,204,920
State Sources	351,664	-	351,664	327,995
TOTAL REVENUES	8,342,720	-	8,342,720	8,532,915
EXPENDITURES				
Current				
Instruction	3,993,694	-	3,993,694	4,142,869
Supporting Services	4,060,685	-	4,060,685	3,649,493
Capital Outlay	20,849	-	20,849	381,195
TOTAL EXPENDITURES	8,075,228	-	8,075,228	8,173,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	267,492	-	267,492	359,358
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(75,793)	(75,793)	(15,000)
Transfers In	75,793	-	75,793	15,000
TOTAL OTHER FINANCING SOURCES (USES)	75,793	(75,793)	-	-
NET CHANGE IN FUND BALANCES	343,285	(75,793)	267,492	359,358
FUND BALANCES, Beginning	2,734,026	75,793	2,809,819	2,450,461
FUND BALANCES, Ending	\$ 3,077,311	\$ -	\$ 3,077,311	\$ 2,809,819

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

TWIN PEAKS CHARTER 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, 2017

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

Net change in fund balances - total governmental funds	\$ 267,492
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation (\$88,662) exceeded capital outlay \$20,849 for the year.	(67,813)
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.	22,576
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>(4,232,062)</u>
Change in net position of governmental activities	<u>\$ (4,009,807)</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPES
 June 30, 2017

	Governmental Activities - Internal Service Fund	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Restricted Cash and Investments	<u>\$ 2,490,595</u>	<u>\$ 2,590,660</u>
Total Current Assets	<u>2,490,595</u>	<u>2,590,660</u>
Long-term Assets		
Capital Assets, Not Depreciated	2,761,981	2,514,605
Capital Assets, Net of Accumulated Depreciation	<u>18,345,659</u>	<u>18,839,528</u>
Total Long-term Assets	<u>21,107,640</u>	<u>21,354,133</u>
TOTAL ASSETS	<u>23,598,235</u>	<u>23,944,793</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	<u>2,955,785</u>	<u>3,065,258</u>
LIABILITIES		
Current Liabilities		
Due To Other Funds	-	158
Interest Payable	203,110	204,135
Loan Payable - Current Portion	<u>470,000</u>	<u>465,000</u>
Total Current Liabilities	<u>673,110</u>	<u>669,293</u>
Long-Term Liabilities		
Loan Payable	<u>25,560,123</u>	<u>26,042,547</u>
TOTAL LIABILITIES	<u>26,233,233</u>	<u>26,711,840</u>
NET POSITION		
Net Investment in Capital Assets	(2,431,888)	(2,562,754)
Unrestricted	<u>2,752,675</u>	<u>2,860,965</u>
TOTAL NET POSITION	<u>\$ 320,787</u>	<u>\$ 298,211</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
Year Ended June 30, 2017

	Governmental Activities - Internal Service Fund	
	2017	2016
OPERATING REVENUES		
Rent	\$ 1,709,398	\$ 1,717,006
TOTAL OPERATING REVENUES	<u>1,709,398</u>	<u>1,717,006</u>
OPERATING EXPENSES		
Purchased Services	35,569	23,977
Depreciation	594,856	571,902
Amortization	<u>97,049</u>	<u>112,579</u>
TOTAL OPERATING EXPENSES	<u>727,474</u>	<u>708,458</u>
OPERATING INCOME	<u>981,924</u>	<u>1,008,548</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	807	319
Interest Expense	<u>(1,207,531)</u>	<u>(1,218,275)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,206,724)</u>	<u>(1,217,956)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(224,800)</u>	<u>(209,408)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contribution from District	<u>247,376</u>	<u>-</u>
NET INCOME (LOSS)	22,576	(209,408)
NET POSITION, Beginning	<u>298,211</u>	<u>507,619</u>
NET POSITION, Ending	<u>\$ 320,787</u>	<u>\$ 298,211</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2017
 Increase (Decrease) in Cash

	Governmental Activities - Internal Service Fund	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Operations	\$ 1,709,240	\$ 1,703,660
Cash Paid to Suppliers	(35,569)	(663,503)
Net Cash Provided by Operating Activities	<u>1,673,671</u>	<u>1,040,157</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>807</u>	<u>319</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(100,987)	(149,789)
Principal Paid on Long-term Debt	(465,000)	(445,000)
Interest Expense	(1,208,556)	(1,220,356)
Net Cash Used by Capital and Related Financing Activities	<u>(1,774,543)</u>	<u>(1,815,145)</u>
NET INCREASE(DECREASE) IN CASH	(100,065)	(774,669)
CASH, Beginning	<u>2,590,660</u>	<u>3,365,329</u>
CASH, Ending	<u><u>\$ 2,490,595</u></u>	<u><u>\$ 2,590,660</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 981,924</u>	<u>\$ 1,008,548</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense	594,856	571,902
Amortization Expense	97,049	112,579
Changes in Assets and Liabilities		
Accounts Payable	-	(458,398)
Retainage Payable	-	(181,128)
Due To Other Funds	(158)	(13,346)
Total Adjustments	<u>691,747</u>	<u>31,609</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,673,671</u></u>	<u><u>\$ 1,040,157</u></u>
NONCASH ITEMS		
Capital Assets contributed from the District	<u><u>\$ 247,376</u></u>	<u><u>\$ -</u></u>

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

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND
 STATEMENT OF FIDUCIARY NET POSITION
 As of June 30, 2017

	TOTAL	
	2017	2016
ASSETS		
Cash	\$ 146,191	\$ 136,721
Prepaid Items	2,725	1,250
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 148,916</u>	<u>\$ 137,971</u>
LIABILITIES		
Accounts Payable	6,116	-
Due to Student Groups	142,800	137,971
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>148,916</u>	<u>137,971</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Twin Peaks Charter Academy (the “Academy”) was formed in 1997 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The accounting policies of the Academy conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy 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 Academy.

Based upon the application of these criteria, the following organization is included in the Academy’s reporting entity.

TPCA Building Corporation

The TPCA Building Corporation (the “Building Corporation”) is considered to be financially accountable to the Academy. The Building Corporation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the Academy’s facilities. The Building Corporation is blended into the Academy’s financial statements as an Internal Service Fund. Separate financial statements are not available for the Building Corporation.

The Academy is a component unit of the St. Vrain Valley School District (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 of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

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 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 period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

Internally dedicated resources are reported as general revenues rather than as program revenues.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Academy reports the following major governmental funds:

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

Additionally, the Academy reports the following fund type:

Internal Service Fund – This fund is used to account for activities of the TPCA Building Corporation.

The *Agency Fund* is used to account of the resources used to support the Academy's student and fundraising activities. The Academy holds all resources in a purely custodial capacity.

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include land and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: Buildings 40-50 years; Improvements 15-20 years; Equipment 10 years.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Unearned Revenues – Unearned revenues include tuition revenues that have been collected in advance for the succeeding school year.

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

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

Net Position – The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted. Investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy reported prepaid expense as nonspendable fund balance as of June 30, 2017.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Academy has also classified Working Capital Reserves as restricted as is required by the bond agreements.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2017.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Academy would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Academy's policy allows employees to accumulate up to 240 hours in Paid Time Off (PTO). Compensated absences are recognized as current salary costs when paid. Accrued compensated absences are not paid upon termination, therefore no liability is reported on the financial statements.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General, Capital Reserve, and Agency Fund on a basis consistent with generally accepted accounting principles.

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

NOTE 3: CASH AND INVESTMENTS

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

Cash on Hand	\$ 300
Deposits	1,661,041
Investments	<u>4,573,516</u>
Total	<u>\$ 6,234,857</u>

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 3: CASH AND INVESTMENTS (Continued)

The above amounts are classified in the financial statements as follows:

Cash and Investments, Governmental Activities	\$ 3,598,071
Restricted Cash and Investments, Governmental Activities	2,490,595
Cash and Investments, Fiduciary Funds	<u>146,191</u>
Total	<u>\$ 6,234,857</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

At June 30, 2017, the Academy had deposits with financial institutions with a carrying amount of \$1,661,041. The bank balances with the financial institutions were \$1,682,723. Of these balances, \$250,000 was covered by federal depository insurance and \$1,432,723 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Investments

Interest Rate Risk

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

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

State statutes limit the investments in money market funds to the highest rating issued by nationally recognized statistical rating organizations (NRSRO's), with a constant share price, and that invest only in securities allowed by State statutes. At June 30, 2017, the Academy had \$2,477,312 invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated AAAM by Standard and Poor's. These investments are valued using Level 1 inputs.

The Academy had invested \$2,096,204 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value (Continued)

Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

Restricted Cash and Investments

Deposits and investments in money market funds totaling \$2,490,595 are restricted in the Internal Service Fund for the construction the Academy's building and payment of the Academy's debt.

NOTE 4: CAPITAL ASSETS

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

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Governmental Activities				
Capital Assets, Not depreciated				
Land	\$ 2,514,605	\$ -	\$ -	\$ 2,514,605
Construction in Process	-	247,376	-	247,376
Total Capital Assets, Not depreciated	<u>2,514,605</u>	<u>247,376</u>	<u>-</u>	<u>2,761,981</u>
Capital Assets, Being Depreciated				
Buildings	19,468,709	21,000	-	19,489,709
Improvements	3,356,873	79,987	-	3,436,860
Machinery and Equipment	<u>680,284</u>	<u>20,849</u>	<u>-</u>	<u>701,133</u>
Total Capital Assets, Being Depreciated	<u>23,505,866</u>	<u>121,836</u>	<u>-</u>	<u>23,627,702</u>

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4: CAPITAL ASSETS (Continued)

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Accumulated Depreciation				
Buildings	2,650,730	451,580	-	3,102,310
Improvements	197,000	171,843	-	368,843
Machinery and Equipment	<u>203,324</u>	<u>60,095</u>	-	<u>263,419</u>
Total Accumulated Depreciation	<u>3,051,054</u>	<u>683,518</u>	-	<u>3,734,572</u>
 Total Capital Assets, Being Depreciated, Net	<u>20,454,812</u>	<u>(561,682)</u>	-	<u>19,893,130</u>
 Net Capital Assets	<u>\$ 22,969,417</u>	<u>\$ (314,306)</u>	<u>\$ -</u>	<u>\$ 22,655,111</u>

Depreciation expense is charged to the supporting services program of the Academy.

During the year ended June 30, 2017, the Academy received capital contributions in the amount of \$247,376. The contributions received related to capital projects managed by the District to enhance security features at the Academy's facility. The Academy expects the project to be completed in the fall of 2017. The contributions received were recorded as construction in progress in the Academy's Building Corporation.

NOTE 5: ACCRUED SALARIES 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, as of June 30, 2017, were \$404,583. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 6: LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2017:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2017</u>	Due In <u>One Year</u>
2011 Building Lease	\$ 4,560,000	\$ -	\$ 55,000	\$ 4,505,000	\$ 55,000
2014 Building Lease	21,595,000	-	410,000	21,185,000	415,000
2014 Premium	<u>352,547</u>	<u>-</u>	<u>12,424</u>	<u>340,123</u>	<u>-</u>
Total	<u>\$ 26,507,547</u>	<u>\$ -</u>	<u>\$ 477,424</u>	<u>\$ 26,030,123</u>	<u>\$ 470,000</u>

2011 Building Lease

In April 2011, the Colorado Educational and Facilities Authority (CECFA) issued \$4,775,000 Charter School Revenue Bonds, Series 2011A and Series 2011B. Proceeds from the bonds were used to construct the improvements to the Academy's building. The Academy is required to make equal lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at rates ranging from 6.375% to 7.50% per year. The lease matures in March, 2043.

2014 Building Lease

In August 2014, the Colorado Educational and Facilities Authority (CECFA) issued \$21,990,000 Charter School Revenue Bonds, Series 2014. Proceeds from the bonds were used to refund the outstanding Series 2008 Bonds and to purchase an additional 4.22 acres of land and complete the construction of two full size soccer/play fields with a regulation track and field, construct access and parking improvements, and complete the construction of four science labs, an additional computer lab and classroom space. The Academy is required to make equal lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at rates ranging from 6.375% to 7.50% per year. The lease matures in March, 2044.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 470,000	\$ 1,194,107	\$ 1,664,107
2019	490,000	1,177,212	1,667,212
2020	505,000	1,157,463	1,662,463
2021	525,000	1,134,688	1,659,688
2022	550,000	1,110,838	1,660,838
2023-2027	3,155,000	5,142,624	8,297,624
2028-2032	4,030,000	4,232,440	8,262,440
2033-2037	4,955,000	3,097,189	8,052,189
2038-2042	6,395,000	1,787,472	8,182,472
2043-2045	<u>4,615,000</u>	<u>277,950</u>	<u>4,892,950</u>
Total	<u>\$ 25,690,000</u>	<u>\$ 20,311,983</u>	<u>\$ 46,001,983</u>

Defeasance of Debt

In August 2014, the Academy defeased the Series 2008 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This resulted in a net present value savings of \$996,501. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Academy's financial statements. At June 30, 2017, \$13,010,000 of bonds outstanding are considered defeased.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Academy 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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 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 (AIR) for the SCHDTF.

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions. Eligible employees and the Academy 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, 2016	For the Year Ended December 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 SCHDTF¹	18.13%	18.63%

¹Rates 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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were \$731,841 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 Academy reported a liability of \$24,261,991 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 Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At December 31, 2016, the Academy proportion was 0.08148 percent, which increase of 0.00351 percent from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the Academy recognized pension expense of \$4,963,903. At June 30, 2017, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 303,312	\$ 213
Changes of assumptions or other inputs	\$ 7,872,514	\$109,409
Net difference between projected and actual earnings on pension plan investments	\$ 811,271	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 643,243	N/A
Contributions subsequent to the measurement date	\$ 374,075	N/A
Total	\$10,004,415	\$109,622

\$374,075 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 3,889,479
2019	\$ 3,660,455
2020	\$ 1,861,681
2021	\$ 108,101
2022	\$ 1,002

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: 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
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

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 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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: 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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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 and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: 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 Academy'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	\$30,508,689	\$24,262,991	\$19,174,303

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.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Academy 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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Other Post-Employment Benefits (Continued)

Funding Policy – The Academy 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 Academy 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 Academy’s employer contributions to the HCTF were \$38,474, \$35,945, and \$33,890, respectively, equal to the required contributions for each year.

NOTE 8: RISK MANAGEMENT

The Academy 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 Academy participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The Academy does not maintain an equity interest in the self-insurance pool. The Academy funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The Academy is fully self-insured for unemployment compensation and has a \$1,000 deductible for property insurance.

The Academy continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or Academy coverage’s in any of the past three years.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 9: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Academy believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2017, the reserve of \$242,005 was recorded as a reservation of fund balance in the General Fund.

NOTE 10: **DEFICIT NET POSITION**

The Net Position of the government type activities is a deficit of \$9,421,629 due to the Academy including the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

TWIN PEAKS CHARTER ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 6,436,797	\$ 6,610,196	\$ 6,591,651	\$ (18,545)	\$ 6,809,679
Mill Levy Override	1,150,000	1,150,000	1,181,380	31,380	1,150,377
Tuition and Fees	176,450	181,658	204,030	22,372	200,541
Grants and Contributions	4,000	-	-	-	5,431
Other	22,100	-	27	27	38,505
Interest	200	6,000	13,968	7,968	387
State Sources					
Grants and Donations	298,691	330,227	351,664	21,437	327,995
TOTAL REVENUES	8,088,238	8,278,081	8,342,720	64,639	8,532,915
EXPENDITURES					
Instruction					
Salaries	2,848,820	2,885,925	2,819,951	65,974	2,881,432
Employee Benefits	855,391	898,221	888,674	9,547	884,423
Purchased Services	177,350	115,250	106,566	8,684	133,395
Supplies and Materials	175,000	204,450	175,201	29,249	239,459
Property	-	-	-	-	27,691
Other	3,350	3,350	3,302	48	4,160
Total Instruction	4,059,911	4,107,196	3,993,694	113,502	4,170,560
Supporting Services					
School Administration					
Salaries	1,195,775	1,191,787	1,204,668	(12,881)	933,721
Employee Benefits	340,209	339,710	351,413	(11,703)	260,424
Purchased Services	2,268,837	2,280,402	2,224,934	55,468	2,244,488
Supplies and Materials	222,271	303,401	271,454	31,947	200,341
Property	55,000	60,600	20,849	39,751	353,504
Other	12,400	12,400	8,216	4,184	10,519
Total Supporting Services	4,094,492	4,188,300	4,081,534	106,766	4,002,997
TOTAL EXPENDITURES	8,154,403	8,295,496	8,075,228	220,268	8,173,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	(66,165)	(17,415)	267,492	284,907	359,358
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	-	-	(15,000)
Transfers In	10,000	75,793	75,793	-	-
NET CHANGE IN FUND BALANCE	(56,165)	58,378	343,285	284,907	344,358
FUND BALANCE, Beginning	2,734,028	2,734,028	2,734,026	(2)	2,389,668
FUND BALANCE, Ending	<u>\$ 2,677,863</u>	<u>\$ 2,792,406</u>	<u>\$ 3,077,311</u>	<u>\$ 284,905</u>	<u>\$ 2,734,026</u>

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DISTRICT TRUST FUND

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School's proportionate share of the Net Pension Liability	0.0757%	0.0780%	0.0782%	0.0815%
School's proportionate share of the Net Pension Liability	\$ 9,657,461	\$ 10,567,910	\$ 11,961,891	\$ 24,262,002
School's covered-employee payroll	\$ 2,975,531	\$ 3,121,348	\$ 3,408,437	\$ 3,657,288
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	324.6%	338.6%	350.9%	663.4%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contributions	\$ 481,063	\$ 595,814	\$ 660,971	\$ 731,841
Contributions in relation to the Statutorily required contributions	<u>481,063</u>	<u>595,814</u>	<u>660,971</u>	<u>731,841</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 2,975,531	\$ 3,322,513	\$ 3,477,602	\$ 3,771,923
Contributions as a percentage of covered-employee payroll	16.17%	17.93%	19.01%	19.40%

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENT

TWIN PEAKS CHARTER ACADEMY

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Supporting Services	-	-	-	-	-
Contingency	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES					
Transfer Out	(10,000)	(75,793)	(75,793)	-	-
Transfer In	-	-	-	-	15,000
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	(75,793)	(75,793)	-	15,000
NET CHANGE IN FUND BALANCE	(10,000)	(75,793)	(75,793)	-	15,000
FUND BALANCE, Beginning	75,793	75,793	75,793	-	60,793
FUND BALANCE, Ending	\$ 65,793	\$ -	\$ -	\$ -	\$ 75,793

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY
 AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2017

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Student Groups	\$ 139,650	\$ 152,200	\$ 180,122	\$ 27,922	\$ 152,219
TOTAL REVENUES	<u>139,650</u>	<u>152,200</u>	<u>180,122</u>	<u>27,922</u>	<u>152,219</u>
EXPENDITURES					
Student Groups	<u>170,536</u>	<u>231,805</u>	<u>175,293</u>	<u>56,512</u>	<u>118,523</u>
TOTAL EXPENDITURES	<u>170,536</u>	<u>231,805</u>	<u>175,293</u>	<u>56,512</u>	<u>118,523</u>
NET CHANGE IN FUND BALANCE	(30,886)	(79,605)	4,829	84,434	33,696
FUND BALANCE, Beginning	<u>137,971</u>	<u>137,971</u>	<u>137,971</u>	<u>-</u>	<u>104,275</u>
FUND BALANCE, Ending	<u>\$ 107,085</u>	<u>\$ 58,366</u>	<u>\$ 142,800</u>	<u>\$ 84,434</u>	<u>\$ 137,971</u>

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 June 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash	\$ 136,721	\$ 180,122	\$ 170,652	\$ 146,191
Prepaid Items	1,250	1,475	-	2,725
TOTAL ASSETS	<u>\$ 137,971</u>	<u>\$ 181,597</u>	<u>\$ 170,652</u>	<u>\$ 148,916</u>
 LIABILITIES				
Accrued Liabilities				
Accounts Payable	\$ -	\$ 6,116	\$ -	\$ 6,116
Due to Student Groups	137,971	180,122	175,293	142,800
TOTAL LIABILITIES	<u>\$ 137,971</u>	<u>\$ 186,238</u>	<u>\$ 175,293</u>	<u>\$ 148,916</u>

See the accompanying independent auditors' report.