

**TWIN PEAKS CHARTER ACADEMY**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2009**

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**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, 2009, which collectively comprise the basic financial statements of the Academy, as listed in the table of contents. These financial statements are the responsibility of Twin Peaks Charter Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Twin Peaks Charter Academy, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Academy has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Twin Peaks Charter Academy's basic financial statements. The individual fund financial schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*John Cutler & Associates, LLC*

October 16, 2009

## **BASIC FINANCIAL STATEMENTS**

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF NET ASSETS

As of June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,450,791
Restricted Cash and Investments	2,709,003
Accounts Receivable	18,592
Bond Issuance Costs	325,604
Capital Assets, Not Being Depreciated	<u>12,812,139</u>
<b>TOTAL ASSETS</b>	<u>19,316,129</u>
<b>LIABILITIES</b>	
Accounts Payable	968,340
Retainage Payable	211,936
Accrued Salaries and Benefits	194,188
Deferred Revenues	45,640
Noncurrent Liabilities	
Due in One Year	47,631
Due in More than One Year	<u>14,235,000</u>
<b>TOTAL LIABILITIES</b>	<u>15,702,735</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	(1,422,861)
Restricted for Emergencies	134,000
Unrestricted	<u>4,902,255</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,613,394</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	REVENUE AND CHANGES IN NET ASSETS
PRIMARY GOVERNMENT					Governmental Activities
<b>Governmental Activities</b>					
Instructional	\$2,134,716	\$ 121,272	\$ 1,862	\$ -	\$ (2,011,582)
Supporting Services	1,140,362	-	-	29,838	(1,110,524)
Interest on Long-Term Debt	474,514	-	-	-	(474,514)
<b>Total Governmental Activities</b>	<u>\$3,749,592</u>	<u>\$ 121,272</u>	<u>\$ 1,862</u>	<u>\$ 29,838</u>	<u>(3,596,620)</u>
		GENERAL REVENUES			
					Per Pupil Revenue 3,743,794
					Mill Levy Override 383,326
					Interest 41,220
					Other 167,031
					<u>TOTAL GENERAL REVENUES 4,335,371</u>
					CHANGE IN NET ASSETS 738,751
					NET ASSETS, Beginning <u>2,874,643</u>
					NET ASSETS, Ending <u>\$ 3,613,394</u>

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

TWIN PEAKS CHARTER ACADEMY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Investments	\$ 2,909,080	\$ 160,407	\$ 381,304	\$ 3,450,791
Restricted Cash and Investments	-	2,709,003	-	2,709,003
Accounts Receivable	18,592	-	-	18,592
<b>TOTAL ASSETS</b>	<b>\$ 2,927,672</b>	<b>\$ 2,869,410</b>	<b>\$ 381,304</b>	<b>\$ 6,178,386</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 62,269	\$ 905,719	\$ 352	\$ 968,340
Retainage Payable	-	211,936	-	211,936
Accrued Salaries and Benefits	241,819	-	-	241,819
Deferred Revenues	45,640	-	-	45,640
	<u>349,728</u>	<u>1,117,655</u>	<u>352</u>	<u>1,467,735</u>
<b>FUND BALANCES</b>				
Reserved for Emergencies	134,000	-	-	134,000
Unreserved, reported in				
General Fund	2,443,944	-	-	2,443,944
Capital Projects Fund	-	1,751,755	-	1,751,755
Special Revenue Fund	-	-	380,952	380,952
<b>TOTAL FUND BALANCES</b>	<b>2,577,944</b>	<b>1,751,755</b>	<b>380,952</b>	<b>4,710,651</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,927,672</b>	<b>\$ 2,869,410</b>	<b>\$ 381,304</b>	

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. 12,812,139

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. These include bonds payable (\$14,235,000) and bond issue costs \$325,604. (13,909,396)

Net assets of governmental activities \$ 3,613,394

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, 2009

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 4,283,820	\$ 166,983	\$ 7,702	\$ 4,458,505
State Sources	29,838	-	-	29,838
<b>TOTAL REVENUES</b>	<b>4,313,658</b>	<b>166,983</b>	<b>7,702</b>	<b>4,488,343</b>
EXPENDITURES				
Current				
Instruction	2,134,716	-	-	2,134,716
Supporting Services	899,689	164,652	-	1,064,341
Bond Issue Costs	-	336,832	-	336,832
Capital Outlay	-	12,876,932	-	12,876,932
Debt Service				
Interest	-	474,514	-	474,514
<b>TOTAL EXPENDITURES</b>	<b>3,034,405</b>	<b>13,852,930</b>	<b>-</b>	<b>16,887,335</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,279,253</b>	<b>(13,685,947)</b>	<b>7,702</b>	<b>(12,398,992)</b>
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issuance	-	14,235,000	-	14,235,000
Transfers In	-	1,202,702	137,109	1,339,811
Transfers Out	(1,339,811)	-	-	(1,339,811)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,339,811)</b>	<b>15,437,702</b>	<b>137,109</b>	<b>14,235,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(60,558)</b>	<b>1,751,755</b>	<b>144,811</b>	<b>1,836,008</b>
FUND BALANCES, Beginning	2,638,502	-	236,141	2,874,643
FUND BALANCES, Ending	\$ 2,577,944	\$ 1,751,755	\$ 380,952	\$ 4,710,651

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, 2009

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

Net change in fund balances - total governmental funds	\$ 1,836,008
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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of capital outlay for the year.	12,812,139
Proceeds from bond issuance are reported as a financing source in the governmental funds and increase fund balance. In the government-wide financial statements, however, bonds payable increase long-term liabilities in the statement of net assets and do not effect the statement of activities.	(14,235,000)
Bond issuance costs are an expenditure in the governmental funds, but are capitalized and amortized in the government-wide financial statements. This is the amount by which bond issuance costs \$336,832 exceeded current year amortization expense (\$11,228).	<u>325,604</u>
Change in net assets of governmental activities	<u>\$ 738,751</u>

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

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND  
STATEMENT OF FIDUCIARY NET ASSETS  
As of June 30, 2009

	<u>AGENCY FUND</u>
ASSETS	
Cash	<u>\$ 51,212</u>
LIABILITIES	
Accounts Payable	1,248
Deferred Revenue	457
Due to Student Groups	<u>49,507</u>
TOTAL LIABILITIES	<u>51,212</u>
TOTAL NET ASSETS	<u>\$ -</u>

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

**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 a Capital Projects 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”).

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets 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.

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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

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

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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.

*Capital Projects Fund* – This fund is used to account for activities of the TPCA Building Corporation.

Additionally, the Academy reports the following fund type:

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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

**Assets, Liabilities and Fund Balance/Net Assets**

*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 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 assets in the government-wide financial statements. For the year ended June 30, 2009, the Academy does not hold any capital assets that require depreciation.

*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.

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

*Net Assets/Fund Equity* – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

**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. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

**NOTE 2:** STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgets and Budgetary Accounting**

A budget is adopted for the General 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.

**Legal Compliance**

The actual expenditures of the General Reserve Fund exceeded budget amount by \$362,521. This may be a violation of State statute.

**NOTE 3:** CASH AND INVESTMENTS

Cash and Investments at June 30, 2009 consisted of the following:

Cash on Hand	\$	50
Deposits		1,545,383
Investments		<u>4,665,573</u>
Total	\$	<u>6,211,006</u>

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

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

Cash and Investments, Governmental Activities	\$ 3,450,791
Restricted Cash and Investments, Governmental Activities	2,709,003
Cash and Investments, Fiduciary Funds	<u>51,212</u>
 Total	 <b><u>\$ 6,211,006</u></b>

**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, 2009, 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, 2009, the Academy had deposits with financial institutions with a carrying amount of \$1,545,383. The bank balances with the financial institutions were \$1,591,481. These balances were fully covered by federal depository insurance. Of these balances, \$250,000 was covered by federal depository insurance and \$1,341,481 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, 2009

**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

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, 2009, the Academy had \$2,709,003 invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated Aaa by Moody's.

The Academy had invested \$1,956,570 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. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

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.

**Restricted Cash and Investments**

Investments in money market funds totaling \$2,709,003 are restricted in the Capital Projects 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, 2009, is summarized below.

	Balance <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ -	\$ 450,000	\$ -	\$ 450,000
Construction in Process	-	<u>12,362,139</u>	-	<u>12,362,139</u>
Net Capital Assets	<u>\$ -</u>	<u>\$ 12,812,139</u>	<u>\$ -</u>	<u>\$ 12,812,139</u>

**NOTE 5: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement 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, 2009, were \$194,188. 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, 2009

**NOTE 6: LONG-TERM DEBT**

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2009:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due In</u> <u>One Year</u>
2009 Building Lease	\$ -	\$14,235,000	\$ -	\$14,235,000	\$ -
Compensated Absences	<u>28,024</u>	<u>19,607</u>	<u>-</u>	<u>47,631</u>	<u>47,631</u>
Total	<u>\$ 28,024</u>	<u>\$14,254,607</u>	<u>\$ -</u>	<u>\$14,282,631</u>	<u>\$ 47,631</u>

Accrued vacation is expected to be paid by revenues generated by the General Fund.

**Building Lease**

In November 2008, the Colorado Educational and Facilities Authority (CECFA) issued \$14,235,000 Charter School Revenue Bonds, Series 2008. Proceeds from the bonds were used to construct 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 5.75% to 7.00% per year. The lease matures in November, 2038.

TWIN PEAKS CHARTER ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 6: LONG-TERM DEBT**

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ 961,091	\$ 961,091
2011	-	965,112	965,112
2012	175,000	960,081	1,135,081
2013	185,000	949,731	1,134,731
2014	200,000	938,662	1,138,662
2015-2019	1,180,000	4,502,986	5,682,986
2020-2024	1,605,000	4,068,646	5,673,646
2025-2029	2,230,000	3,426,889	5,656,889
2030-2034	3,115,000	2,515,625	5,630,625
2035-2039	<u>5,545,000</u>	<u>1,173,375</u>	<u>6,718,375</u>
Total	<b><u>\$ 14,235,000</u></b>	<b><u>\$ 20,462,198</u></b>	<b><u>\$ 34,697,198</u></b>

**NOTE 7: INTERFUND BALANCES AND TRANSFERS**

The Academy made the following transfers during the year.

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Reserve Fund	General Fund	\$ 137,109
Capital Projects Fund	General Fund	<u>1,202,702</u>
Total		<b><u>\$ 1,339,811</u></b>

The General Fund is required by State statute to transfer \$298 per pupil to the Capital Reserve fund or use this amount for insurance costs. The General Fund transferred funds to the Capital Projects Fund to cover costs related to the construction of the Academy's facilities.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

**NOTE 8:** *DEFINED BENEFIT PENSION PLAN*

**Plan Description.** The Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Academy are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy.** The Academy is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the Academy it is 10.15 % of covered salary. A portion of the Academy's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 9). If the Academy rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. The Academy is also required to pay an amortization equalization disbursement equal to 2.8 % of the total payroll for the calendar year 2009, (1.9 % of total payroll for the calendar year 2008). For the year ending June 30, 2009, the Academy's employer contributions for the SDTF was \$215,303, equal to the required contribution for each year.

**NOTE 9:** *POSTEMPLOYMENT HEALTHCARE BENEFITS*

**Plan Description.** The Academy contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

**NOTE 9:** POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

**Funding Policy.** The Academy is required to contribute at a rate of 1.02% of covered 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the year ending June 30, 2009, the Academy's employer contributions to the HCTF was \$17,562, equal to the required contribution for each year.

**NOTE 10:** 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 11:** COMMITMENTS AND CONTINGENCIES

**Building Leases**

The Academy has entered into several agreements to lease a portion of its facilities to other entities. Under the terms of these agreements, monthly lease payments ranging from \$3,948 to \$8,800 are due to the Academy. The agreements expire in 2011 and 2012.

For the year ended June 30, 2009, the Academy recorded \$159,329 in rental revenue under these agreements.

TWIN PEAKS CHARTER ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 11:** COMMITMENTS AND CONTINGENCIES (Continued)

**Construction Management Contract**

The Academy has entered into an agreement with CPM Colorado, Inc. for construction management services related to the construction of the Academy's facilities. Under the terms of the agreement, the Academy is required to pay the greater of \$150,000 or 3% of construction hard costs. For the year ended June 30, 2009, the Academy has paid CPM Colorado, Inc. \$125,797 for construction management services.

**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, 2009, 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.

**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, 2009, the reserve of \$134,000 was recorded as a reservation of fund balance in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

TWIN PEAKS CHARTER ACADEMY

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 3,731,734	\$ 3,723,818	\$ 3,743,794	\$ 19,976
Mill Levy Override	-	-	383,326	383,326
Tuition and Fees	123,405	112,804	121,272	8,468
Contributions	200	-	1,862	1,862
Interest	85,000	85,000	33,566	(51,434)
State Sources				
Grants and Donations	4,793	8,038	29,838	21,800
<b>TOTAL REVENUES</b>	<u>3,945,132</u>	<u>3,929,660</u>	<u>4,313,658</u>	<u>383,998</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries	1,549,319	1,542,393	1,505,921	36,472
Employee Benefits	414,791	408,350	322,133	86,217
Purchased Services	255,722	256,027	208,935	47,092
Supplies and Materials	103,871	181,983	93,838	88,145
Property	6,330	6,800	522	6,278
Other	3,860	3,160	3,367	(207)
<b>Total Instruction</b>	<u>2,333,893</u>	<u>2,398,713</u>	<u>2,134,716</u>	<u>263,997</u>
Supporting Services				
School Administration				
Salaries	395,235	384,624	387,325	(2,701)
Employee Benefits	112,670	108,678	77,524	31,154
Purchased Services	204,820	210,864	159,087	51,777
Supplies and Materials	92,970	81,470	62,436	19,034
Property	37,000	27,000	193,118	(166,118)
Other	81,402	91,830	20,199	71,631
Debt Service				
Interest	629,827	582,914	-	582,914
<b>Total Supporting Services</b>	<u>1,553,924</u>	<u>1,487,380</u>	<u>899,689</u>	<u>587,691</u>
<b>TOTAL EXPENDITURES</b>	<u>3,887,817</u>	<u>3,886,093</u>	<u>3,034,405</u>	<u>851,688</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>57,315</u>	<u>43,567</u>	<u>1,279,253</u>	<u>1,235,686</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(126,422)</u>	<u>(125,602)</u>	<u>(1,339,811)</u>	<u>(1,214,209)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(69,107)</u>	<u>(82,035)</u>	<u>(60,558)</u>	<u>21,477</u>
FUND BALANCE, Beginning	<u>69,107</u>	<u>82,035</u>	<u>2,638,502</u>	<u>2,556,467</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,577,944</u>	<u>\$ 2,577,944</u>

See the accompanying independent auditors' report.

**INDIVIDUAL FUND FINANCIAL STATEMENT**

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 June 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2009
<b>ASSETS</b>				
Cash	\$ 39,791	\$ 63,012	\$ 51,591	\$ 51,212
<b>LIABILITIES</b>				
Accrued Liabilities				
Accounts Payable	\$ -	\$ 1,248	\$ -	\$ 1,248
Deferred Revenue	-	457	-	457
Due to Student Groups	39,791	9,716	-	49,507
<b>TOTAL LIABILITIES</b>	<b>\$ 39,791</b>	<b>\$ 11,421</b>	<b>\$ -</b>	<b>\$ 51,212</b>

See the accompanying independent auditors' report.