

TWIN PEAKS CHARTER ACADEMY

BASIC FINANCIAL STATEMENTS

June 30, 2014

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 - 23
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	24
Individual Fund Financial Statement	
Budgetary Comparison Schedule – Capital Reserve Fund	25
Budgetary Comparison Schedule – Pupil Activity Fund	26
Statement of Changes in Assets and Liabilities – Agency Fund	27



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, 2014, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2014, 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 and budgetary comparison information on page 24 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 statement is fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

October 29, 2014

Management's Discussion and Analysis

As management of Twin Peaks Charter Academy, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Twin Peaks Charter Academy (TPCA) for the fiscal year ended June 30, 2014.

Financial Highlights

The fiscal year ending June 30, 2014 is the 17th year of operations for Twin Peaks Charter Academy. The assets of TPCA exceeded its liabilities at the close of the most recent fiscal year by \$4,051,227 (net position).

The General Fund ending balance reached \$1,872,197 (including Tabor Reserve) at fiscal year end June 30, 2014.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Twin Peaks Charter Academy's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) Fund financial statements, and 3) notes to the financial statements. This management report also contains other supplementary information in addition to the basic financial statements to give the reader a more detailed view of the School's financial performance.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Twin Peaks Charter Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of TPCA'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 Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods (e.g., items purchased but not paid for).

The government-wide financial statements include instruction and supporting services of Twin Peaks Charter Academy.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Twin Peaks Charter Academy, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Twin Peaks Charter Academy for the current year are governmental funds.

Governmental funds

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

Twin Peaks Charter Academy maintains two individual governmental funds; the general fund and the capital reserve fund. Information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances. TPCA Building Corp. information is also presented separately as an Internal Service Fund.

Twin Peaks Charter Academy adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Twin Peaks Charter Academy, on June 30, 2014 assets increased by \$478,279 and liabilities increased by \$55,588 respectively over June 30, 2013, this being its 17th year of operations.

Twin Peaks Charter Academy's Net Position

Assets	<u>13-14</u>	<u>12-13</u>
Cash and Investments	\$ 2,372,531	\$ 1,670,903
Restricted Cash and Investments	2,174,603	2,119,969
Accounts Receivable	17,885	15,566
Prepaid Expenses	-0-	1,078
Bond Issuance Cost	-0-	445,033
Deposits	7,500	-0-
Capital Assets, Not Depreciated	2,559,261	1,977,415
Capital Assets, Depreciated	<u>16,584,624</u>	<u>17,008,161</u>
Total Assets	23,716,404	23,238,125
Liabilities		
Current Liabilities	641,373	659,092
Long Term Liabilities	<u>19,023,804</u>	<u>18,950,497</u>
Total Liabilities	19,665,177	19,609,589
Net Position		
Invested in Capital Assets	2,294,684	2,412,396
Restricted for Emergencies	208,914	198,435
Restricted for Working Capital	728,860	661,449
Unrestricted	<u>818,769</u>	<u>356,256</u>
Total Net Position	<u>\$4,051,227</u>	<u>\$3,628,636</u>

Twin Peak Charter Academy's Change in Net Position

Revenues:		
Program Revenues	<u>13-14</u>	<u>12-13</u>
Operating Grants and Contributions	\$ 14,877	\$ 35,943
Charges for Services	1,951,681	1,895,476
Capital Grants and Contributions	<u>110,671</u>	<u>103,478</u>
Total Program Revenues	2,077,229	2,034,897
General Revenues		
Per Pupil Operating Revenue	6,571,110	6,159,230
Mill Levy Override	957,940	944,703
Investment Earnings	431	892
Capital Contributions	-	-
Total General Revenues	<u>7,529,481</u>	<u>7,104,825</u>
Total Revenues	9,606,710	9,139,722
Expenses:		
Instructional	3,612,321	3,713,371
Supporting Services	3,837,531	3,422,599
Interest on Long-Term Debt	<u>1,289,134</u>	<u>1,283,217</u>
Total Expenses	8,738,986	8,419,187

Change in Net Position	867,724	720,535
Net Position, beginning of year	<u>3,628,536</u>	<u>2,908,001</u>
Prior period adjustment	(445,033)	-
Net Position, end of year	<u>\$4,051,227</u>	<u>\$3,628,536</u>

Financial Analysis of the School's Funds

Governmental funds

In particular, unreserved fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year Twin Peaks Charter Academy's governmental funds reported a combined ending fund balance of \$1,935,719 (General Fund, Capital Reserve Fund, and Tabor Reserve). This represents approximately 22% of the total year's General Fund revenue which will be available to the School in subsequent years.

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. There was one budget revision made during the year.

Excluding the budgeted contingency of \$1,264,425, the Academy's FY14 Amended Budget anticipated an \$116,538 increase to the General Fund. The actual increase to the General Fund Balance was \$724,311 which was an increase of \$607,773 over Amended Budget. This increase in total reserves from Amended Budget to Actual is due primarily to a strict adherence to Amended Budget expenditures and an increase in PPR and Mill Levy Override revenue from the 2012 MLO Bond election.

Capital Assets and Debt Administration

As of June 30, 2014, capital assets consist primarily of the instructional facilities. In 2008 Twin Peaks Charter Academy 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 Twin Peaks Charter Academy 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 Academy 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 Academy purchased 2.4+ acres adjacent to the north parking lot to join the instructional property with the 9+ acres purchased for athletic fields. The Academy secured an interest only loan of \$365,000 as well as a construction line of credit of \$350,000 to augment \$200 thousand of Building Corporation funds to finance the build out of an additional 3 classrooms in support of High School enrollment growth for the 13/14 school year, and complete the HS Locker Room.

As of June 30, 2014, the Academy expects to secure additional bonds in the fall of 2014 to refinance the 2008 bond series at lower interest, and payoff promissory notes in the amounts of \$350,000 and \$365,000. A portion of Bond proceeds is expected to be used to purchase an additional 4.22 acres of land (the "New Site") for the purchase price of \$567,567.50 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.

Economic Factors and Next Year's Budget

The primary factor in budget development for the Academy is student enrollment. The Academy experienced an increase in enrollment to 1044 students for the 2013-2014 school year. The Academy's enrollment was 1015 students for the 2012-2013 school year as compared to 937 students for the 2011-2012 school year, and 707 students for the 2010-2011 school year. Based on historical trends and current projections, the Academy's FY15 Adopted Budget projects student enrollment to be 1086 for the 2014-2015 school year. The Academy also considers current economic projections in determining per pupil funding levels to be an important factor in developing its budget for fiscal year 2015.

Requests for Information

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

Michele Mansanares
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, 2014

	GOVERNMENTAL ACTIVITIES	
	2014	2013
ASSETS		
Cash and Investments	\$ 2,372,531	\$ 1,670,903
Restricted Cash and Investments	2,174,603	2,119,969
Accounts Receivable	17,885	15,566
Prepaid Expenses	-	1,078
Bond Issuance Costs	-	445,033
Deposits	7,500	-
Capital Assets, Not Being Depreciated	2,559,261	1,977,415
Capital Assets, Depreciated, Net of Accumulated Depreciation	16,584,624	17,008,161
TOTAL ASSETS	23,716,404	23,238,125
LIABILITIES		
Accounts Payable	73,293	122,355
Due to the District	34,056	-
Interest Payable	170,635	172,605
Accrued Salaries and Benefits	318,655	300,175
Unearned Revenues	44,859	64,005
Noncurrent Liabilities		
Due in One Year	267,820	257,300
Due in More than One Year	18,755,984	18,693,149
TOTAL LIABILITIES	19,665,302	19,609,589
NET POSITION		
Net Investment in Capital Assets	2,294,684	2,412,396
Restricted for Emergencies	208,914	198,435
Restricted for Working Capital	728,860	661,449
Unrestricted	818,644	356,256
TOTAL NET POSITION	\$ 4,051,102	\$ 3,628,536

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

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	
					2014	2013
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	\$ 3,612,321	\$ 343,983	\$ 10,527	\$ -	\$ (3,257,811)	\$ (3,412,365)
Supporting Services	2,230,008	-	4,400	95,671	(2,129,937)	(1,706,708)
Interest on Long-Term Debt	1,289,134	-	-	-	(1,289,134)	(1,283,217)
Total Governmental Activities	<u>\$ 7,131,463</u>	<u>\$ 343,983</u>	<u>\$ 14,927</u>	<u>\$ 95,671</u>	(6,676,882)	(6,402,290)
GENERAL REVENUES						
					6,586,110	6,177,230
					957,940	944,703
					431	892
					<u>7,544,481</u>	<u>7,122,825</u>
TOTAL GENERAL REVENUES						
CHANGE IN NET POSITION					867,599	720,535
NET POSITION, Beginning					3,628,536	2,908,001
Prior Period Adjustment					(445,033)	-
NET POSITION, Ending					<u>\$ 4,051,102</u>	<u>\$ 3,628,536</u>

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

TWIN PEAKS CHARTER ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2014	2013
ASSETS				
Cash and Investments	\$ 2,309,009	\$ 63,522	\$ 2,372,531	\$ 1,670,903
Accounts Receivable	17,885	-	17,885	15,566
Due From Other Funds	16,041	-	16,041	-
Prepaid Items	-	-	-	1,078
TOTAL ASSETS	<u>\$ 2,342,935</u>	<u>\$ 63,522</u>	<u>\$ 2,406,457</u>	<u>\$ 1,687,547</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 73,293	\$ -	\$ 73,293	\$ 122,269
Due to the District	34,056	-	34,056	-
Accrued Salaries and Benefits	318,655	-	318,655	300,175
Unearned Revenues	44,859	-	44,859	64,005
	<u>470,863</u>	<u>-</u>	<u>470,863</u>	<u>486,449</u>
FUND BALANCES				
Nonspendable	-	-	-	1,078
Restricted for Emergencies	208,914	-	208,914	198,435
Restricted for Working Capital	728,860	-	728,860	661,449
Unassigned	934,298	63,522	997,820	340,136
TOTAL FUND BALANCES	<u>1,872,072</u>	<u>63,522</u>	<u>1,935,594</u>	<u>1,201,098</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,342,935</u>	<u>\$ 63,522</u>		

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.	1,264,061	1,287,889
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.	<u>851,447</u>	<u>1,139,549</u>
Net position of governmental activities	<u>\$ 4,051,102</u>	<u>\$ 3,628,536</u>

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, 2014

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2014	2013
REVENUES				
Local Sources	\$ 7,892,641	\$ -	\$ 7,892,641	\$ 7,459,552
State Sources	106,198	-	106,198	85,478
TOTAL REVENUES	7,998,839	-	7,998,839	7,545,030
EXPENDITURES				
Current				
Instruction	3,607,631	4,690	3,612,321	3,713,371
Supporting Services	3,249,415	-	3,249,415	2,969,613
Capital Outlay	402,607	-	402,607	143,561
TOTAL EXPENDITURES	7,259,653	4,690	7,264,343	6,826,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	739,186	(4,690)	734,496	718,485
OTHER FINANCING SOURCES (USES)				
Transfers In	-	15,000	15,000	57,450
Transfers Out	(15,000)	-	(15,000)	(57,450)
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)	15,000	-	-
NET CHANGE IN FUND BALANCES	724,186	10,310	734,496	718,485
FUND BALANCES, Beginning	1,147,886	53,212	1,201,098	482,613
FUND BALANCES, Ending	\$ 1,872,072	\$ 63,522	\$ 1,935,594	\$ 1,201,098

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, 2014

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

Net change in fund balances - total governmental funds	\$ 734,496
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 (\$54,982) exceeded capital outlay \$31,154 for the year.	(23,828)
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.	<u>156,931</u>
Change in net position of governmental activities	<u><u>\$ 867,599</u></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, 2014

	Governmental Activities - Internal Service Fund	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Restricted Cash and Investments	<u>\$ 2,174,603</u>	<u>\$ 2,119,969</u>
Total Current Assets	<u>2,174,603</u>	<u>2,119,969</u>
Long-term Assets		
Bond Issue Costs, net of Accumulated Amortization	-	445,033
Deposits	7,500	-
Capital Assets, Not Depreciated	2,559,261	1,977,415
Capital Assets, Net of Accumulated Depreciation	<u>15,320,563</u>	<u>15,720,272</u>
Total Long-term Assets	<u>17,887,324</u>	<u>18,142,720</u>
TOTAL ASSETS	<u>20,061,927</u>	<u>20,262,689</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	86
Due To Other Funds	16,041	-
Interest Payable	170,635	172,605
Loan Payable - Current Portion	<u>267,820</u>	<u>257,300</u>
Total Current Liabilities	<u>454,496</u>	<u>429,991</u>
Long-Term Liabilities		
Loan Payable	<u>18,755,984</u>	<u>18,693,149</u>
TOTAL LIABILITIES	<u>19,210,480</u>	<u>19,123,140</u>
NET POSITION		
Net Investment in Capital Assets	(1,528,638)	(665,175)
Unrestricted	<u>2,380,085</u>	<u>1,804,724</u>
TOTAL NET POSITION	<u>\$ 851,447</u>	<u>\$ 1,139,549</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, 2014

	Governmental Activities - Internal Service Fund	
	2014	2013
OPERATING REVENUES		
Rent	\$ 1,607,698	\$ 1,594,470
TOTAL OPERATING REVENUES	1,607,698	1,594,470
OPERATING EXPENSES		
Purchased Services	4,773	6,034
Depreciation	399,709	389,289
Amortization	-	16,281
TOTAL OPERATING EXPENSES	404,482	411,604
OPERATING INCOME	1,203,216	1,182,866
NON-OPERATING EXPENSES		
Investment Income	223	222
Interest Expense	(1,289,134)	(1,283,217)
TOTAL NON-OPERATING EXPENSES	(1,288,911)	(1,282,995)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(85,695)	(100,129)
Capital Contribution	242,626	-
NET INCOME	156,931	(100,129)
NET POSITION, Beginning	1,139,549	1,239,678
Prior Period Adjustment	(445,033)	-
NET POSITION, Ending	\$ 851,447	\$ 1,139,549

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, 2014
 Increase (Decrease) in Cash

	Governmental Activities - Internal Service Fund	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Operations	\$ 1,616,239	\$ 1,594,470
Cash Paid to Suppliers	(4,859)	(7,342)
Net Cash Provided by Operating Activities	<u>1,611,380</u>	<u>1,587,128</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>223</u>	<u>222</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(581,846)	(394,525)
Loan Proceeds	336,275	378,725
Bond Principal Payments	(262,920)	(228,276)
Interest Expense	(1,291,104)	(1,284,350)
Capital Contributions	242,626	-
Net Cash Used by Capital and Related Financing Activities	<u>(1,556,969)</u>	<u>(1,528,426)</u>
NET INCREASE IN CASH	54,634	58,924
CASH, Beginning	<u>2,119,969</u>	<u>2,061,045</u>
CASH, Ending	<u><u>\$ 2,174,603</u></u>	<u><u>\$ 2,119,969</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 1,203,216</u>	<u>\$ 1,182,866</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense	399,709	389,289
Amortization Expense	-	16,281
Changes in Assets and Liabilities		
Deposits	(7,500)	-
Accounts Payable	(86)	(1,308)
Due To Other Funds	16,041	-
Total Adjustments	<u>408,164</u>	<u>404,262</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,611,380</u></u>	<u><u>\$ 1,587,128</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, 2014

	TOTAL	
	2014	2013
ASSETS		
Cash	\$ 100,117	\$ 69,066
Accounts Receivable	245	290
Prepaid Items	1,690	1,750
	<u>102,052</u>	<u>71,106</u>
TOTAL ASSETS	<u>\$ 102,052</u>	<u>\$ 71,106</u>
LIABILITIES		
Accounts Payable	5,145	5,464
Unearned Revenue	-	25
Due to Student Groups	96,907	65,617
	<u>102,052</u>	<u>71,106</u>
TOTAL LIABILITIES	<u>102,052</u>	<u>71,106</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, 2014

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, 2014

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, 2014

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.

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.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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. 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 did not have any nonspendable fund balances as of June 30, 2014.
- 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.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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, 2014.
- 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.

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.

TWIN PEAKS CHARTER ACADEMY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General, Capital Reserve, and Pupil Activity funds 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 Pupil Activity funds exceeded the budgeted amounts by \$19,552. This may be a violation of State statute.

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2014 consisted of the following:

Cash on Hand	\$ 100
Deposits	2,387,901
Investments	<u>2,259,250</u>
Total	<u>\$ 4,647,251</u>

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

Cash and Investments, Governmental Activities	\$ 2,372,531
Restricted Cash and Investments, Governmental Activities	2,174,603
Cash and Investments, Fiduciary Funds	<u>100,117</u>
Total	<u>\$ 4,647,251</u>

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

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, 2014, 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, 2014, the Academy had deposits with financial institutions with a carrying amount of \$2,387,901. The bank balances with the financial institutions were \$2,414,569. Of these balances, \$250,000 was covered by federal depository insurance and \$2,164,569 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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, 2014, the Academy had \$2,173,662 invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated AAAM by Standard and Poor's.

The Academy had invested \$85,588 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. 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

Deposits and investments in money market funds totaling \$2,174,603 are restricted in the Internal Service Fund for the construction the Academy's building and payment of the Academy's debt.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2014, is summarized below.

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Governmental Activities				
Capital Assets, Not depreciated				
Land	\$ 1,947,038	\$ -	\$ -	\$ 1,947,038
Construction in Process	<u>30,377</u>	<u>581,846</u>	<u>-</u>	<u>612,223</u>
Total Capital Assets, Not depreciated	<u>1,977,415</u>	<u>581,846</u>	<u>-</u>	<u>2,559,261</u>
Capital Assets, Being Depreciated				
Buildings	17,905,886	9,407	-	17,915,293
Improvements	116,913	-	-	116,913
Machinery and Equipment	<u>460,083</u>	<u>21,747</u>	<u>-</u>	<u>481,830</u>
Total Capital Assets, Being Depreciated	<u>18,482,882</u>	<u>31,154</u>	<u>-</u>	<u>18,514,036</u>
Accumulated Depreciation				
Buildings	1,378,596	411,076	-	1,789,672
Improvements	21,965	5,846	-	27,811
Machinery and Equipment	<u>74,160</u>	<u>37,769</u>	<u>-</u>	<u>111,929</u>
Total Accumulated Depreciation	<u>1,474,721</u>	<u>454,691</u>	<u>-</u>	<u>1,929,412</u>
Total Capital Assets, Being Depreciated, Net	<u>17,008,161</u>	<u>(423,537)</u>	<u>-</u>	<u>16,584,624</u>
Net Capital Assets	<u>\$ 18,985,576</u>	<u>\$ 158,309</u>	<u>\$ -</u>	<u>\$ 19,143,885</u>

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

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, 2014, were \$318,655. 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, 2014

NOTE 6: LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2014:

	Balance			Balance	Due In
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2014</u>	<u>One Year</u>
2008 Building Lease	\$ 13,875,000	\$ -	\$ 200,000	\$ 13,675,000	\$ 210,000
2011 Building Lease	4,700,000	-	45,000	4,655,000	45,000
Wells Fargo Loan – Land	361,724	-	12,087	349,637	12,820
Wells Fargo Line of Credit	<u>13,725</u>	<u>336,275</u>	<u>5,833</u>	<u>344,167</u>	<u>-</u>
Total	<u>\$ 18,950,449</u>	<u>\$ 336,275</u>	<u>\$ 262,920</u>	<u>\$ 19,023,804</u>	<u>\$ 267,820</u>

2008 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.

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.

Wells Fargo Loan and Line of Credit

In February 2013, the Academy signed a promissory note in the amount of \$365,000 with Wells Fargo for the purchase of land adjacent to the school building. Interest accrues at a rate of 4.15% per year. The Academy pays monthly principal and interest payments of \$2,256 and a final balloon payment due when the note matures in February 2017.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 6: LONG-TERM DEBT (Continued)

Wells Fargo also issued a \$350,000 line of credit that the Academy may use to prepare the land for use. Interest accrues at a rate of 4.15% and the Academy will pay monthly interest and principal payments based on the amount borrowed. During the year ended June 30, 2014, the Academy borrowed \$336,275 against this line of credit and made principal payments totaling \$5,833. This line of credit matures February 2016.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 267,820	\$ 1,277,860	\$ 1,545,680
2016	283,363	1,261,487	1,544,850
2017	957,621	1,235,010	2,192,631
2018	305,000	1,198,682	1,503,682
2019	325,000	1,179,656	1,504,656
2020-2024	1,985,000	5,528,427	7,513,427
2025-2029	2,775,000	4,720,452	7,495,452
2030-2034	3,900,000	3,571,440	7,471,440
2035-2039	6,410,000	1,903,297	8,313,297
2040-2044	<u>1,815,000</u>	<u>299,801</u>	<u>2,114,801</u>
Total	<u>\$ 19,023,804</u>	<u>\$ 22,176,112</u>	<u>\$ 41,199,916</u>

NOTE 7: 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 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, 2014

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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 8). 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, and the member must contribute 8% of covered salary. The Academy is also required to pay an amortization equalization disbursement equal to 7.3% of the total payroll for the calendar year 2014, (6.4% of total payroll for the calendar year 2013). For the years ending June 30, 2014, 2013, 2012, the Academy's employer contributions for the SDTF were \$441,977, \$481,063 and \$439,675, respectively, equal to the required contributions for each year.

NOTE 8: **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 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 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 years ending June 30, 2014, 2013, and 2012, the Academy's employer contributions to the HCTF were \$26,519, \$30,350, and \$29,481, respectively, equal to the required contributions for each year.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

NOTE 9: 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 10: 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, 2014, 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, 2014, the reserve of \$208,914 was recorded as a reservation of fund balance in the General Fund.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 11: PRIOR PERIOD ADJUSTMENT

The beginning net position of the Proprietary Fund was decreased by \$445,033 to write off bond issuance costs that were incurred in previous years. This adjustment was necessary to comply with new GASB 65 reporting requirements.

NOTE 12: SUBSEQUENT EVENT

In August of 2014, the Academy issued \$22,225,000 Charter School Refunding and Improvement Revenue Bonds. Proceeds of the bonds will be used to advance refund the Academy's 2008 bonds and to purchase two additional land parcels and make improvements thereto. The new bonds will mature in 2044.

REQUIRED SUPPLEMENTARY INFORMATION

TWIN PEAKS CHARTER ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2014

	2014			VARIANCE	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 6,365,310	\$ 6,572,598	\$ 6,586,110	\$ 13,512	\$ 6,177,230
Mill Levy Override	913,000	913,000	957,940	44,940	944,703
Tuition and Fees	296,093	324,952	343,983	19,031	301,006
Grants and Contributions	10,530	5,000	4,400	(600)	35,943
Interest	800	360	208	(152)	670
State Sources					
Grants and Donations	92,137	102,664	106,198	3,534	85,478
TOTAL REVENUES	<u>7,677,870</u>	<u>7,918,574</u>	<u>7,998,839</u>	<u>80,265</u>	<u>7,545,030</u>
EXPENDITURES					
Instruction					
Salaries	2,756,039	2,826,996	2,739,940	87,056	2,570,357
Employee Benefits	769,289	837,532	781,947	55,585	700,389
Purchased Services	283,012	322,659	(23,787)	346,446	263,262
Supplies and Materials	138,227	144,534	107,444	37,090	82,429
Property	102,640	97,000	54,075	42,925	15,436
Other	3,400	3,400	2,087	1,313	1,623
Total Instruction	<u>4,052,607</u>	<u>4,232,121</u>	<u>3,661,706</u>	<u>570,415</u>	<u>3,633,496</u>
Supporting Services					
School Administration					
Salaries	658,755	718,292	717,043	1,249	603,902
Employee Benefits	166,759	175,237	174,945	292	148,604
Purchased Services	2,122,724	2,116,394	2,163,348	(46,954)	2,037,316
Supplies and Materials	160,746	161,437	182,821	(21,384)	137,126
Property	376,137	371,137	348,532	22,605	128,125
Other	11,031	12,418	11,258	1,160	11,400
Contingency	822,067	1,264,425	-	1,264,425	-
Total Supporting Services	<u>4,318,219</u>	<u>4,819,340</u>	<u>3,597,947</u>	<u>1,221,393</u>	<u>3,066,473</u>
TOTAL EXPENDITURES	<u>8,370,826</u>	<u>9,051,461</u>	<u>7,259,653</u>	<u>1,791,808</u>	<u>6,699,969</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(692,956)</u>	<u>(1,132,887)</u>	<u>739,186</u>	<u>1,872,073</u>	<u>845,061</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(18,000)	(15,000)	(15,000)	-	(57,450)
NET CHANGE IN FUND BALANCE	<u>(710,956)</u>	<u>(1,147,887)</u>	<u>724,186</u>	<u>1,872,073</u>	<u>787,611</u>
FUND BALANCE, Beginning	<u>710,956</u>	<u>1,147,887</u>	<u>1,147,886</u>	<u>(1)</u>	<u>360,275</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872,072</u>	<u>\$ 1,872,072</u>	<u>\$ 1,147,886</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENT

TWIN PEAKS CHARTER ACADEMY

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2014

	2014		VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Contributions	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Instruction	4,690	4,690	-	95,311
Supporting Services	63,523	-	63,523	31,265
TOTAL EXPENDITURES	68,213	4,690	63,523	126,576
OTHER FINANCING SOURCES				
Transfers In	15,000	15,000	-	57,450
TOTAL OTHER FINANCING SOURCES (USES)	15,000	15,000	-	57,450
NET CHANGE IN FUND BALANCE	(53,213)	10,310	63,523	(69,126)
FUND BALANCE, Beginning	53,213	53,212	(1)	122,338
FUND BALANCE, Ending	\$ -	\$ 63,522	\$ 63,522	\$ 53,212

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY
PUPIL ACTIVITY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2014

	2014		VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Student Groups	\$ 60,000	\$ 176,459	\$ 116,459	\$ 177,071
TOTAL REVENUES	<u>60,000</u>	<u>176,459</u>	<u>116,459</u>	<u>177,071</u>
EXPENDITURES				
Student Groups	55,000	145,169	(90,169)	167,080
Contingency	70,617	-	70,617	-
TOTAL EXPENDITURES	<u>125,617</u>	<u>145,169</u>	<u>(19,552)</u>	<u>167,080</u>
NET CHANGE IN FUND BALANCE	(65,617)	31,290	96,907	9,991
FUND BALANCE, Beginning	<u>65,617</u>	<u>65,617</u>	<u>-</u>	<u>55,626</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 96,907</u>	<u>\$ 96,907</u>	<u>\$ 65,617</u>

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
ASSETS				
Cash	\$ 69,066	\$ 176,479	\$ 145,428	\$ 100,117
Accounts Receivable	290	245	290	245
Prepaid Items	1,750	1,690	1,750	1,690
TOTAL ASSETS	<u>\$ 71,106</u>	<u>\$ 178,414</u>	<u>\$ 147,468</u>	<u>\$ 102,052</u>
LIABILITIES				
Accrued Liabilities				
Accounts Payable	\$ 5,464	\$ 5,145	\$ 5,464	\$ 5,145
Unearned Revenue	25	-	25	-
Due to Student Groups	65,617	176,459	145,169	96,907
TOTAL LIABILITIES	<u>\$ 71,106</u>	<u>\$ 181,604</u>	<u>\$ 150,658</u>	<u>\$ 102,052</u>

See the accompanying independent auditors' report.