

TWIN PEAKS CHARTER ACADEMY

BASIC FINANCIAL STATEMENTS

June 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Academy, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Peaks Charter Academy, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of the school's proportionate share, and schedule of the school's contributions on pages 32-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The individual fund financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

October 19, 2016

Management's Discussion and Analysis

As management of Twin Peaks Charter Academy (the Charter), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the basic financial statements.

Financial Highlights

- The Charter reported a deficit net position of \$5.4 million primarily due to the Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and recognizing its proportionate share of a net pension liability of \$12.0 million at June 30, 2016.
- Total net position of the Charter decreased by \$350 thousand during the year ended June 30, 2016, primarily the result of recognizing \$739 thousand of its proportionate share of the pension expense under GASB Statement No. 68.
- During the current year, the fund balance in the Charter's General Fund balance increased by \$344 thousand or 14% to end the year at \$2.7 million.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future or past period.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund Financial statements for the Charter include fund types of governmental, proprietary, and fiduciary.

Governmental fund

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

The Charter maintains two individual governmental funds; the general fund and the capital reserve fund. Information is presented separately on the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

Proprietary Fund - Internal Services Fund

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

Fiduciary Fund - Agency Fund

The Agency Fund is used for student and fundraising activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 10-31 of this report.

***Comparative Summary of Net Position
as of June 30, 2016 and 2015
(in Thousands)***

	<u>Governmental Activities</u>		<u>Total Percentage Change</u>
	2016	2015	2015-2016
Assets			
Current Assets	5,883	6,203	-5%
Capital Assets	22,969	23,153	-1%
Total Assets	<u>28,852</u>	<u>29,356</u>	-2%
Deferred Outflows	5,062	4,347	16%
Liabilities			
Current Liabilities	686	1,247	45%
Long-term Liabilities	26,508	26,949	2%
Pension Liability	11,962	10,568	-13%
Total Liabilities	<u>39,156</u>	<u>38,764</u>	-1%
Deferred Inflows	170	1	-28150%
Net Position			
Net Investment in Capital Assets	(948)	(432)	-119%
Restricted for Tabor	247	242	-2%
Restricted for Working Capital	793	758	-5%
Unrestricted	(5,504)	(5,631)	2%
Total Net Position	<u>(5,412)</u>	<u>(5,062)</u>	-7%

**Comparative Schedule of Changes in Net Position
for the Years Ended June 30, 2016 and 2015
(in Thousands)**

	<u>Governmental Activities</u>		<u>Total Percentage Change</u>
	2016	2015	2015-2016
Revenues			
Program Revenues			
Operating Grants and Contributions	82	80	3%
Charges for Services	201	293	-32%
Capital Grants and Contributions	251	168	50%
General Revenue			
Property Tax (district allocation)	6,810	6,800	0%
Mill Levy Override	1,150	945	22%
Other	39	1	6433%
Total Revenues	<u>8,533</u>	<u>8,285</u>	3%
Expenses			
Instructional	4,701	3,967	-19%
Supporting Services	2,964	3,047	3%
Interest on Long-Term Debt	1,218	1,009	-21%
Total Expenses	<u>8,883</u>	<u>8,022</u>	-11%
Change in Net Position	(350)	263	-233%
Net Position, Beginning of Year	(5,062)	(5,325)	-5%
Net Position, End of Year	<u>(5,412)</u>	<u>(5,062)</u>	7%

Financial Overview

The fiscal year ending June 30, 2016 is the 19th year of operations for The Charter. Total assets were lower than liabilities by \$5.4 million (net position). This negative net position is primarily due to the required newly adopted Pension Governmental Accounting Standard (GASB 68). This standard requires a portion of the total Net Pension Liability be reported on employer's balance sheets. Employers are not required to pay-off the liability or accelerate payments for this liability. The reported Net Pension Liability for The Charter was \$12.0 million with total negative impact on the net position of governmental activities related to pensions of \$10.1 million.

Assets decreased by \$504 thousand over fiscal year 2015 primarily due to planned spending of 2014 Bond Project Funds. Liabilities increased by \$392 thousand primarily due to an increase in the Net Pension Liability. The Deferred Loss on Refunding (Deferred Outflow) relates to the 2008 Bond payoff and is amortized over 30 years.

The unreserved fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. The governmental funds reported a combined ending fund balance of \$2.8 million (General Fund, Capital Reserve Fund, and Tabor Reserve). This was 33% of the governmental funds revenue and an increase of \$359 thousand over the prior year.

General Fund Budgetary Highlights

The District approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget and finalized in January.

Excluding a budget contingency of \$243 thousand, the fiscal year 2016 Amended Budget anticipated a \$92 thousand decrease to the General Fund. There was an actual increase to the General Fund Balance of \$436 thousand which was an increase of \$771 thousand over the Amended Budget. This increase in total reserves from Amended Budget to Actual is due primarily to a strict adherence to budgeted expenditures.

Capital Assets and Debt Administration

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

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

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

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

Student Enrollment and Economic Factors

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF NET POSITION

As of June 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$ 3,237,126	\$ 2,830,808
Restricted Cash and Investments	2,590,660	3,365,329
Accounts Receivable	7,524	6,467
Prepaid Expenses	47,514	650
Capital Assets, Not Being Depreciated	2,514,605	5,394,891
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>20,454,812</u>	<u>17,757,416</u>
TOTAL ASSETS	<u>28,852,241</u>	<u>29,355,561</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	3,065,258	3,174,732
Related to Pensions	<u>1,996,295</u>	<u>1,172,125</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,061,553</u>	<u>4,346,857</u>
LIABILITIES		
Accounts Payable	3,052	494,484
Retainage Payable	-	181,128
Due to the District	106,921	10,085
Interest Payable	204,135	206,216
Accrued Salaries and Benefits	357,072	344,260
Unearned Revenues	15,458	10,537
Noncurrent Liabilities		
Net Pension Liability	11,961,891	10,567,910
Due in One Year	465,000	445,000
Due in More than One Year	<u>26,042,547</u>	<u>26,504,442</u>
TOTAL LIABILITIES	<u>39,156,076</u>	<u>38,764,062</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>169,540</u>	<u>592</u>
NET POSITION		
Net Investment in Capital Assets	(947,470)	(431,806)
Restricted for Emergencies	247,000	242,000
Restricted for Working Capital	792,716	758,443
Unrestricted	<u>(5,504,068)</u>	<u>(5,630,873)</u>
TOTAL NET POSITION	<u>\$ (5,411,822)</u>	<u>\$ (5,062,236)</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

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	
PRIMARY GOVERNMENT					2016	2015
Governmental Activities						
Instructional	\$ 4,700,824	\$ 200,541	\$ 76,684	\$ -	\$ (4,423,599)	\$ (3,600,011)
Supporting Services	2,963,721	-	5,431	251,311	(2,706,979)	(2,873,408)
Interest on Long-Term Debt	1,218,275	-	-	-	(1,218,275)	(1,008,974)
 Total Governmental Activities	 <u>\$ 8,882,820</u>	 <u>\$ 200,541</u>	 <u>\$ 82,115</u>	 <u>\$ 251,311</u>	 (8,348,853)	 (7,482,393)
		GENERAL REVENUES				
					6,809,679	6,799,657
					1,150,377	944,939
					38,505	-
					706	642
					<u>7,999,267</u>	<u>7,745,238</u>
					CHANGE IN NET POSITION	(349,586) 262,845
					NET POSITION, Beginning, As Restated	<u>(5,062,236)</u> <u>(5,325,081)</u>
					NET POSITION, Ending	<u>\$ (5,411,822)</u> <u>\$ (5,062,236)</u>

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

TWIN PEAKS CHARTER ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2016	2015
ASSETS				
Cash and Investments	\$ 3,161,333	\$ 75,793	\$ 3,237,126	\$ 2,830,808
Accounts Receivable	7,524	-	7,524	6,467
Due From Other Funds	158	-	158	13,504
Prepaid Items	47,514	-	47,514	650
TOTAL ASSETS	\$ 3,216,529	\$ 75,793	\$ 3,292,322	\$ 2,851,429
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,052	\$ -	\$ 3,052	\$ 36,086
Due to the District	106,921	-	106,921	10,085
Accrued Salaries and Benefits	357,072	-	357,072	344,260
Unearned Revenues	15,458	-	15,458	10,537
	482,503	-	482,503	400,968
FUND BALANCES				
Nonspendable	47,514	-	47,514	650
Restricted for Emergencies	247,000	-	247,000	242,000
Restricted for Working Capital	792,716	-	792,716	758,443
Unassigned	1,646,796	75,793	1,722,589	1,449,368
TOTAL FUND BALANCES	2,734,026	75,793	2,809,819	2,450,461
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,216,529	\$ 75,793		

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.		1,615,284	1,376,061
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.		298,211	507,619
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension liability of (\$11,961,891), deferred outflows related to pensions of \$1,996,295, and deferred inflows related to pensions of (\$169,540).		(10,135,136)	(9,396,377)
Net position of governmental activities		\$ (5,411,822)	\$ (5,062,236)

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, 2016

	GENERAL FUND	NON-MAJOR CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS	
			2016	2015
REVENUES				
Local Sources	\$ 8,204,920	\$ -	\$ 8,204,920	\$ 8,043,029
State Sources	327,995	-	327,995	241,763
TOTAL REVENUES	8,532,915	-	8,532,915	8,284,792
EXPENDITURES				
Current				
Instruction	4,142,869	-	4,142,869	3,966,780
Supporting Services	3,649,493	-	3,649,493	3,488,638
Capital Outlay	381,195	-	381,195	314,507
TOTAL EXPENDITURES	8,173,557	-	8,173,557	7,769,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	359,358	-	359,358	514,867
OTHER FINANCING SOURCES (USES)				
Transfers In	-	15,000	15,000	15,000
Transfers Out	(15,000)	-	(15,000)	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)	15,000	-	-
NET CHANGE IN FUND BALANCES	344,358	15,000	359,358	514,867
FUND BALANCES, Beginning	2,389,668	60,793	2,450,461	1,935,594
FUND BALANCES, Ending	\$ 2,734,026	\$ 75,793	\$ 2,809,819	\$ 2,450,461

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, 2016

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

Net change in fund balances - total governmental funds	\$ 359,358
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 capital outlay \$309,352 exceeded depreciation (\$70,129) for the year.	239,223
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.	(209,408)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>(738,759)</u>
Change in net position of governmental activities	<u>\$ (349,586)</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, 2016

	Governmental Activities - Internal Service Fund	
	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Restricted Cash and Investments	<u>\$ 2,590,660</u>	<u>\$ 3,365,329</u>
Total Current Assets	<u>2,590,660</u>	<u>3,365,329</u>
Long-term Assets		
Capital Assets, Not Depreciated	2,514,605	5,394,891
Capital Assets, Net of Accumulated Depreciation	<u>18,839,528</u>	<u>16,381,355</u>
Total Long-term Assets	<u>21,354,133</u>	<u>21,776,246</u>
TOTAL ASSETS	<u>23,944,793</u>	<u>25,141,575</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	<u>3,065,258</u>	<u>3,174,732</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	458,398
Retainage Payable	-	181,128
Due To Other Funds	158	13,504
Interest Payable	204,135	206,216
Loan Payable - Current Portion	<u>465,000</u>	<u>445,000</u>
Total Current Liabilities	<u>669,293</u>	<u>1,304,246</u>
Long-Term Liabilities		
Loan Payable	<u>26,042,547</u>	<u>26,504,442</u>
TOTAL LIABILITIES	<u>26,711,840</u>	<u>27,808,688</u>
NET POSITION		
Net Investment in Capital Assets	(5,077,359)	(7,202,758)
Unrestricted	<u>5,375,570</u>	<u>7,710,377</u>
TOTAL NET POSITION	<u>\$ 298,211</u>	<u>\$ 507,619</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, 2016

	Governmental Activities - Internal Service Fund	
	2016	2015
OPERATING REVENUES		
Rent	\$ 1,717,006	\$ 1,678,861
TOTAL OPERATING REVENUES	<u>1,717,006</u>	<u>1,678,861</u>
OPERATING EXPENSES		
Purchased Services	23,977	8,700
Depreciation	571,902	418,465
Amortization	112,579	86,177
TOTAL OPERATING EXPENSES	<u>708,458</u>	<u>513,342</u>
OPERATING INCOME	<u>1,008,548</u>	<u>1,165,519</u>
NON-OPERATING EXPENSES		
Investment Income	319	454
Bond Issuance Costs	-	(500,827)
Interest Expense	(1,218,275)	(1,008,974)
TOTAL NON-OPERATING EXPENSES	<u>(1,217,956)</u>	<u>(1,509,347)</u>
NET INCOME (LOSS)	(209,408)	(343,828)
NET POSITION, Beginning	<u>507,619</u>	<u>851,447</u>
NET POSITION, Ending	<u>\$ 298,211</u>	<u>\$ 507,619</u>

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

TWIN PEAKS CHARTER ACADEMY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2016
 Increase (Decrease) in Cash

	Governmental Activities - Internal Service Fund	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Operations	\$ 1,703,660	\$ 1,683,824
Cash Paid to Suppliers	(663,503)	(8,700)
Net Cash Provided by Operating Activities	<u>1,040,157</u>	<u>1,675,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	<u>319</u>	<u>454</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(149,789)	(3,675,361)
Proceeds from Issuance of Long-term Debt	-	19,078,533
Principal Paid on Long-term Debt	(445,000)	(14,413,804)
Interest Expense	(1,220,356)	(973,393)
Bond Issuance Costs	-	(500,827)
Net Cash Used by Capital and Related Financing Activities	<u>(1,815,145)</u>	<u>(484,852)</u>
NET INCREASE(DECREASE) IN CASH	(774,669)	1,190,726
CASH, Beginning	<u>3,365,329</u>	<u>2,174,603</u>
CASH, Ending	<u><u>\$ 2,590,660</u></u>	<u><u>\$ 3,365,329</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ 1,008,548</u>	<u>\$ 1,165,519</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense	571,902	418,465
Amortization Expense	112,579	86,177
Capital Assets Purchased with Accounts Payable	-	(458,398)
Changes in Assets and Liabilities		
Deposits	-	7,500
Accounts Payable	(458,398)	458,398
Retainage Payable	(181,128)	-
Due To Other Funds	(13,346)	(2,537)
Total Adjustments	<u>31,609</u>	<u>509,605</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,040,157</u></u>	<u><u>\$ 1,675,124</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, 2016

	TOTAL	
	2016	2015
ASSETS		
Cash	\$ 136,721	\$ 106,022
Accounts Receivable	-	55
Prepaid Items	1,250	460
	<u>137,971</u>	<u>106,537</u>
TOTAL ASSETS	<u>\$ 137,971</u>	<u>\$ 106,537</u>
LIABILITIES		
Accounts Payable	-	2,262
Due to Student Groups	137,971	104,275
	<u>137,971</u>	<u>104,275</u>
TOTAL LIABILITIES	<u>137,971</u>	<u>106,537</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, 2016

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, 2016

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, 2016

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.

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Academy reported prepaid expense as nonspendable fund balance as of June 30, 2016.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Academy has also classified Working Capital Reserves as restricted as is required by the bond agreements.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2016.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Comparative Data

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at June 30, 2016 consisted of the following:

Cash on Hand	\$ 100
Deposits	3,323,066
Investments	<u>2,641,341</u>
Total	<u>\$ 5,964,507</u>

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

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

Cash and Investments, Governmental Activities	\$ 3,227,126
Restricted Cash and Investments, Governmental Activities	2,590,660
Cash and Investments, Fiduciary Funds	<u>136,721</u>
Total	<u>\$ 5,954,507</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2016, 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, 2016, the Academy had deposits with financial institutions with a carrying amount of \$3,323,066. The bank balances with the financial institutions were \$3,408,457. Of these balances, \$250,000 was covered by federal depository insurance and \$3,158,457 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, 2016

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

Fair Value

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

State statutes limit the investments in money market funds to the highest rating issued by nationally recognized statistical rating organizations (NRSRO's), with a constant share price, and that invest only in securities allowed by State statutes. At June 30, 2016, the Academy had \$2,555,310 invested in a money market fund. The fund invests only in U.S. Treasury obligations and is rated AAAM by Standard and Poor's. These investments are valued using Level 1 inputs.

The Academy had invested \$86,031 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.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

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

Restricted Cash and Investments

Deposits and investments in money market funds totaling \$2,590,660 are restricted in the Internal Service Fund for the construction the Academy's building and payment of the Academy's debt.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2016, is summarized below.

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
Governmental Activities				
Capital Assets, Not depreciated				
Land	\$ 2,514,605	\$ -	\$ -	\$ 2,514,605
Construction in Process	<u>2,880,286</u>	<u>-</u>	<u>2,880,286</u>	<u>-</u>
Total Capital Assets, Not depreciated	<u>5,394,891</u>	<u>-</u>	<u>2,880,286</u>	<u>2,514,605</u>
Capital Assets, Being Depreciated				
Buildings	19,451,153	17,556	-	19,468,709
Improvements	116,913	3,239,960	-	3,356,873
Machinery and Equipment	<u>598,373</u>	<u>81,911</u>	<u>-</u>	<u>680,284</u>
Total Capital Assets, Being Depreciated	<u>20,166,439</u>	<u>3,339,427</u>	<u>-</u>	<u>23,505,866</u>
Accumulated Depreciation				
Buildings	2,220,084	430,646	-	2,650,730
Improvements	33,614	163,386	-	197,000
Machinery and Equipment	<u>155,325</u>	<u>47,999</u>	<u>-</u>	<u>203,324</u>
Total Accumulated Depreciation	<u>2,409,023</u>	<u>642,031</u>	<u>-</u>	<u>3,051,054</u>
Total Capital Assets, Being Depreciated, Net	<u>17,757,416</u>	<u>2,697,396</u>	<u>-</u>	<u>20,454,812</u>
Net Capital Assets	<u>\$ 23,152,307</u>	<u>\$ 2,697,396</u>	<u>\$ 2,880,286</u>	<u>\$ 22,969,417</u>

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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, 2016, were \$357,072. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2016:

	Balance			Balance	Due In
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2016</u>	<u>One Year</u>
2011 Building Lease	\$ 4,610,000	\$ -	\$ 50,000	\$ 4,560,000	\$ 55,000
2014 Building Lease	21,990,000	-	395,000	21,595,000	410,000
2014 Premium	<u>349,442</u>	<u>-</u>	<u>(3,105)</u>	<u>352,547</u>	<u>-</u>
Total	<u>\$ 26,949,442</u>	<u>\$ -</u>	<u>\$ 441,895</u>	<u>\$ 26,507,547</u>	<u>\$ 465,000</u>

2011 Building Lease

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

2014 Building Lease

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

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 465,000	\$ 1,208,463	\$ 1,673,463
2018	470,000	1,194,107	1,664,107
2019	490,000	1,177,212	1,667,212
2020	505,000	1,157,463	1,662,463
2021	525,000	1,134,688	1,659,688
2022-2026	3,020,000	5,284,942	8,304,942
2027-2031	3,825,000	4,443,440	8,268,440
2032-2036	4,730,000	3,331,067	8,061,067
2037-2041	6,120,000	2,074,410	8,194,410
2042-2045	<u>6,005,000</u>	<u>514,653</u>	<u>6,519,653</u>
Total	<u>\$ 26,155,000</u>	<u>\$ 21,520,445</u>	<u>\$ 47,675,445</u>

Defeasance of Debt

In August 2014, the Academy defeased the Series 2008 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This resulted in a net present value savings of \$996,501. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Academy's financial statements. At June 30, 2016, \$13,245,000 of bonds outstanding are considered defeased.

NOTE 7: DEFINED BENEFIT PENSION PLAN

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan

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

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

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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

General Information about the Pension Plan (Continued)

If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled. Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF School were \$660,971 for the year ended June 30, 2016.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2016 the Academy reported a liability of \$11,961,891 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Academy's proportion was 0.07821%, which was an increase of 0.00239% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the Academy recognized pension expense of \$1,399,730. At June 30, 2016, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$157,958	\$ 498
Net difference between projected and actual earnings on pension plan investments	\$ 1,017,096	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 478,702	N/A
Change in Assumptions and other inputs	N/A	\$169,042
Contributions subsequent to the measurement date	\$ 342,539	N/A
Total	\$ 1,996,295	\$ 169,540

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$342,539 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$501,522
2018	\$501,611
2019	\$272,514
2020	\$208,569

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$15,506,107	\$11,961,891	\$9,013,765

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The Academy is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Academy are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014, the Academy's employer contributions to the HCTF were \$35,945, \$33,890, and \$26,519, respectively, equal to the required contributions for each year.

TWIN PEAKS CHARTER ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 8: RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The Academy does not maintain an equity interest in the self-insurance pool. The Academy funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The Academy is fully self-insured for unemployment compensation and has a \$1,000 deductible for property insurance.

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, the reserve of \$247,000 was recorded as a reservation of fund balance in the General Fund.

TWIN PEAKS CHARTER ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 10: DEFICIT NET POSITION

The Net Position of the government type activities is a deficit of \$5,411,822 due to the Academy included the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

TWIN PEAKS CHARTER ACADEMY

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 7,253,803	\$ 6,765,900	\$ 6,809,679	\$ 43,779	\$ 6,799,657
Mill Levy Override	958,000	945,000	1,150,377	205,377	944,939
Tuition and Fees	229,039	198,702	200,541	1,839	292,775
Grants and Contributions	2,000	3,675	5,431	1,756	5,470
Other	22,500	32,128	38,505	6,377	-
Interest	160	225	387	162	188
State Sources					
Grants and Donations	73,936	67,418	327,995	260,577	241,763
TOTAL REVENUES	8,539,438	8,013,048	8,532,915	519,867	8,284,792
EXPENDITURES					
Instruction					
Salaries	3,008,421	2,871,224	2,881,432	(10,208)	2,734,760
Employee Benefits	962,731	911,261	884,423	26,838	830,324
Purchased Services	201,063	188,261	41,799	146,462	243,630
Supplies and Materials	296,229	245,910	239,459	6,451	155,271
Property	93,500	32,025	27,691	4,334	89,837
Other	3,900	5,818	4,160	1,658	2,795
Total Instruction	4,565,844	4,254,499	4,078,964	175,535	4,056,617
Supporting Services					
School Administration					
Salaries	1,028,375	958,828	933,721	25,107	837,209
Employee Benefits	277,365	297,013	260,424	36,589	226,264
Purchased Services	2,323,722	2,268,049	2,244,488	23,561	2,233,000
Supplies and Materials	200,638	221,594	200,341	21,253	164,375
Property	64,448	65,458	353,504	(288,046)	224,670
Other	12,803	24,846	10,519	14,327	10,061
Contingency	254,196	242,709	-	242,709	-
Total Supporting Services	4,161,547	4,078,497	4,002,997	75,500	3,695,579
TOTAL EXPENDITURES	8,727,391	8,332,996	8,081,961	251,035	7,752,196
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(187,953)	(319,948)	450,954	770,902	532,596
OTHER FINANCING SOURCES (USES)					
Transfers Out	(15,000)	(15,000)	(15,000)	-	(15,000)
NET CHANGE IN FUND BALANCE	(202,953)	(334,948)	435,954	770,902	517,596
FUND BALANCE, Beginning	1,969,088	2,389,668	2,389,668	-	1,872,072
FUND BALANCE, Ending	<u>\$ 1,766,135</u>	<u>\$ 2,054,720</u>	<u>\$ 2,825,622</u>	<u>\$ 770,902</u>	<u>\$ 2,389,668</u>

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

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

Years Ended December 31,

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

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

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

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENT

TWIN PEAKS CHARTER ACADEMY

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-	-
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Supporting Services	-	-	-	-	17,729
Contingency	13,902	75,793	-	75,793	-
TOTAL EXPENDITURES	13,902	75,793	-	75,793	17,729
OTHER FINANCING SOURCES					
Transfers In	15,000	15,000	15,000	-	15,000
TOTAL OTHER FINANCING SOURCES (USES)	15,000	15,000	15,000	-	15,000
NET CHANGE IN FUND BALANCE	1,098	(60,793)	15,000	75,793	(2,729)
FUND BALANCE, Beginning	-	60,793	60,793	-	63,522
FUND BALANCE, Ending	\$ 1,098	\$ -	\$ 75,793	\$ 75,793	\$ 60,793

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY
 AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Student Groups	\$ 120,035	\$ 129,500	\$ 152,219	\$ 22,719	\$ 170,253
TOTAL REVENUES	<u>120,035</u>	<u>129,500</u>	<u>152,219</u>	<u>22,719</u>	<u>170,253</u>
EXPENDITURES					
Student Groups	<u>132,000</u>	<u>148,550</u>	<u>118,523</u>	<u>30,027</u>	<u>162,885</u>
TOTAL EXPENDITURES	<u>132,000</u>	<u>148,550</u>	<u>118,523</u>	<u>30,027</u>	<u>162,885</u>
NET CHANGE IN FUND BALANCE	(11,965)	(19,050)	33,696	52,746	7,368
FUND BALANCE, Beginning	<u>96,907</u>	<u>104,274</u>	<u>104,275</u>	<u>1</u>	<u>96,907</u>
FUND BALANCE, Ending	<u>\$ 84,942</u>	<u>\$ 85,224</u>	<u>\$ 137,971</u>	<u>\$ 52,747</u>	<u>\$ 104,275</u>

See the accompanying independent auditors' report.

TWIN PEAKS CHARTER ACADEMY

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
ASSETS				
Cash	\$ 106,022	\$ 152,734	\$ 122,035	\$ 136,721
Accounts Receivable	55	-	55	-
Prepaid Items	460	1,250	460	1,250
TOTAL ASSETS	<u>\$ 106,537</u>	<u>\$ 153,984</u>	<u>\$ 122,550</u>	<u>\$ 137,971</u>
LIABILITIES				
Accrued Liabilities				
Accounts Payable	\$ 2,262	\$ -	\$ 2,262	\$ -
Due to Student Groups	104,275	152,219	118,523	137,971
TOTAL LIABILITIES	<u>\$ 106,537</u>	<u>\$ 152,219</u>	<u>\$ 120,785</u>	<u>\$ 137,971</u>

See the accompanying independent auditors' report.