

PEAK TO PEAK CHARTER SCHOOLS, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Peak to Peak Charter Schools, Inc.
Lafayette, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peak to Peak Charter Schools, Inc., a component unit of Boulder Valley School District, as of and for the year ended June 30, 2016, which collectively comprise Peak to Peak Charter Schools, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matters

Separate Charter School

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

Additionally, as described in Note 2 to the financial statements, Peak to Peak Charter Schools, Inc. has recognized the Food Services Fund as a special revenue fund as of July 1, 2015 as required by the Colorado Department of Education. As a result of this change, Peak to Peak Charter Schools, Inc. reported a restatement for the change to move from the General Fund to a separate special revenue fund. Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii – vi, the budgetary comparison information on pages 22 – 23 and the pension schedules on pages 24 – 25 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 Peak to Peak Charter Schools, Inc.'s basic financial statements. The schedule of revenues, expenditures and changes in fund balances - budget to actual - Food Services Fund (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



CliftonLarsonAllen LLP

Broomfield, Colorado
October 12, 2016

PEAK TO PEAK CHARTER SCHOOLS, INC.
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

As management of Peak to Peak Charter Schools, Inc. (Peak to Peak), we offer this narrative and analysis of the financial activities of Peak to Peak for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

Financial Highlights

The year ended June 30, 2016 is the sixteenth year of operations for Peak to Peak.

- The fund balance in the general fund decreased \$524,830 to \$3,329,881.
- Total unrestricted cash and investments decreased \$393,618 to \$4,467,943.
- Peak to Peak's net position increased \$9,562,431.

Overview of Financial Statements

This report follows the guidelines set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular the Boulder Valley School District, which authorizes Peak to Peak; and the general public. The report consists of four parts: Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) Supplementary Information, which provide additional and more detailed information. Included as Required Supplementary Information and Supplementary Information is budget-to-actual information related to the Peak to Peak's General Fund, Friends of Peak To Peak, Inc. Fund, and Food Services Fund; and the pension schedules as required under GASB Statement No. 68, further discussed in note 9.

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

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

The *statement of activities* presents information showing how Peak to Peak net position has changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end). 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. Peak to Peak uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Peak to Peak reports three major governmental funds: the general fund, Prairie View, Inc. fund (building corporation), and the Friends of Peak to Peak, Inc. fund (fundraising organization); and one non-major fund, the Food Service Fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating Peak to peak's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found on pages 3-6 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 7 of this report.

| PEAK TO PEAK CHARTER SCHOOL | | |
|--|-----------------------|------------------------|
| Comparative Summary Statement of Net Position | | |
| | <u>2016</u> | <u>2015</u> |
| Assets: | | |
| Current Assets | \$ 8,263,668 | \$ 8,428,266 |
| Noncurrent Assets | 27,063,795 | 16,476,012 |
| Total assets | <u>35,327,463</u> | <u>24,904,278</u> |
| Deferred outflows of resources: | | |
| Loss on refunding | 3,423,426 | 3,613,616 |
| Contributions subsequent to measurement date | 704,568 | 625,828 |
| Change in investment earnings | 1,989,794 | 465,347 |
| Change in experience | 310,662 | - |
| Change in proportionate share | 444,312 | - |
| Total deferred outflows of resources | <u>6,872,762</u> | <u>4,704,791</u> |
| Liabilities: | | |
| Current Liabilities | 1,320,875 | 1,208,870 |
| Noncurrent Liabilities | 18,631,070 | 19,158,869 |
| Net pension liability | 23,525,888 | 20,235,346 |
| Total liabilities | <u>43,477,833</u> | <u>40,603,085</u> |
| Deferred inflows of resources: | | |
| Change in experience | 951 | 1,511 |
| Change in proportionate share | 302,475 | 480,401 |
| Change in assumptions | 332,463 | - |
| Total deferred inflows of resources | <u>635,889</u> | <u>481,912</u> |
| Net position: | | |
| Net investment in capital assets | 11,925,945 | 994,392 |
| Restricted | 3,957,933 | 3,714,836 |
| Unrestricted | (17,797,375) | (16,185,156) |
| Total net position | <u>\$ (1,913,497)</u> | <u>\$ (11,475,928)</u> |

| PEAK TO PEAK CHARTER SCHOOL | | |
|--|-----------------------|------------------------|
| Comparative Schedule of Revenues, Expenses, and Changes in Net Position | | |
| | 2016 | 2015 |
| Program revenues: | | |
| Charges for services | \$ 1,393,260 | \$ 1,338,089 |
| Operating grants | 465,357 | 456,284 |
| Capital grants | 10,176,848 | 239,346 |
| General revenues: | | |
| Per pupil funding | 10,192,219 | 9,790,565 |
| District mill levy | 3,241,952 | 3,193,074 |
| Grants and contributions not restricted to specific programs | - | 451,635 |
| Interest income | - | 32,463 |
| Other revenue | 829,431 | 1,883,905 |
| Total revenues | <u>26,299,067</u> | <u>17,385,361</u> |
| Expenses: | | |
| Instruction | 9,376,981 | 8,507,394 |
| Support services | 6,432,313 | 6,436,985 |
| Interest on long-term debt | 927,342 | 555,737 |
| Total expenses | <u>16,736,636</u> | <u>15,500,116</u> |
| Change in net position | 9,562,431 | 1,885,245 |
| Net position - beginning | <u>(11,475,928)</u> | <u>(13,361,173)</u> |
| Net position - ending | <u>\$ (1,913,497)</u> | <u>\$ (11,475,928)</u> |

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of Peak to Peak's financial position. For the year ended June 30, 2016, Peak to Peak's assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$1,913,497, primarily due to the impact of GASB No. 68. The overall net position in fiscal year 2016 increased by \$9,562,431 from the previous year.

Financial Analysis of the School's Funds

The focus of Peak to Peak's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing Peak to Peak's financing requirements.

For the year ended June 30, 2016, Peak to Peak's governmental funds reported a combined ending fund balance of \$7,241,949, an overall decrease of \$281,441. The general fund decreased \$524,830 to \$3,329,881. The Prairie View, Inc. fund increased \$201,094 to \$2,665,740. The Friends of Peak to Peak, Inc. fund increased \$35,970 to \$1,224,105, after the transfer of donated funds to Peak to Peak for operating expenditures. The non-major Food Services fund increased \$6,325 to \$22,223.

General Fund Budgetary Highlights

Peak to Peak's budgeted general fund revenue for 2015-16 was \$15,204,578, while actual revenue was \$15,493,829, resulting in a surplus of \$289,251. Peak to Peak's 2015-16 budget for general fund expenditures was \$16,390,592, while actual expenditures were \$16,253,969, resulting in a surplus of \$136,623. There was a net decrease in fund balance of \$524,830, with a final fund balance of \$3,329,881.

Capital Asset and Debt Administration

Capital Assets. Peak to Peak's capital assets as of June 30, 2016, amounted to \$27,063,795, net of accumulated depreciation. Peak to Peak's capital assets include 35 acres of land and 180,000 square feet of building space located at 800 Merlin Drive, Lafayette, Colorado.

Long-Term Debt. As of June 30, 2016, Peak to Peak had outstanding debt of \$17,410,000, which was \$470,000 lower than the previous year. Long-term debt is detailed in Note 5 to the financial statements. The school currently holds a "BBB+" credit rating with Standard and Poor's.

Economic Factors and Next Year's Budget

Peak to Peak's student enrollment for the 2015-16 school year was 1,414.8 full-time equivalent (FTE) students, which matches the maximum enrollment allowed by Peak to Peak's contract with Boulder Valley School District. Peak to Peak's enrollment has been at the maximum allowable, per contract, for several years.

State funding for public schools increased by 3.7% in fiscal year 2015-16, and is expected to increase by 2.1% in fiscal year 2016-17. The state economy continues to improve, which should provide stable funding for the foreseeable future. Combined with conservative financial management, and the availability of reserved funds; Peak to Peak expects to be able to continue to deliver exceptional education well into the future without reducing staff or services to students, and increasing salaries.

In fiscal year 2015-16, Peak to Peak experienced a significant financial event. Boulder Valley School District, Peak to Peak's authorizer, allocated \$10.2 million to Peak to Peak from its successful 2014 bond issue to add 42,000 sf to the Peak to Peak campus. Construction was completed in July, 2016, which included additional elementary and middle school classrooms, a new college counseling center, a new tutoring center, a new varsity gymnasium and additional cafeteria space. Peak to Peak assumed ownership of the \$10,850,000 new construction, which was completed under budget and on schedule. All costs for the construction project were accrued into the 2015-16 fiscal year.

Requests for Information

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

Sam Todd, Executive Director of Operations
Peak to Peak Charter School
800 Merlin Drive, Lafayette, CO 80026
sam.todd@bvsd.org

BASIC FINANCIAL STATEMENTS

PEAK TO PEAK CHARTER SCHOOLS, INC.
STATEMENT OF NET POSITION
JUNE 30, 2016

| | <u>Governmental Activities</u> |
|--|---|
| ASSETS | |
| Cash | \$ 4,467,943 |
| Restricted cash and investments | 3,786,323 |
| Prepaid items | 7,808 |
| Accounts receivable | 1,594 |
| Capital assets, not being depreciated | 1,657,966 |
| Capital assets, depreciated, net of accumulated depreciation | <u>25,405,829</u> |
| TOTAL ASSETS | <u>35,327,463</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Loss on refunding | 3,423,426 |
| Contributions subsequent to measurement date | 704,568 |
| Change in investment earnings | 1,989,794 |
| Change in proportionate share | 444,312 |
| Change in experience | <u>310,662</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>6,872,762</u> |
| LIABILITIES | |
| Accounts payable | 197,649 |
| Accrued salaries and benefits | 786,550 |
| Unearned revenues | 37,520 |
| Accrued interest | 299,156 |
| Noncurrent liabilities: | |
| Due within one year | 622,605 |
| Due in more than one year | 18,008,465 |
| Net pension liability | <u>23,525,888</u> |
| TOTAL LIABILITIES | <u>43,477,833</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Change in experience | 951 |
| Change in proportionate share | 302,475 |
| Change in assumptions | <u>332,463</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>635,889</u> |
| NET POSITION | |
| Net investment in capital assets | 11,925,945 |
| Restricted: | |
| Advanced placement testing | 9,823 |
| Scholarships | 1,110,760 |
| Emergencies | 470,766 |
| Debt service | 2,116,571 |
| Repair and maintenance | 250,013 |
| Unrestricted | <u>(17,797,375)</u> |
| TOTAL NET POSITION | <u><u>\$ (1,913,497)</u></u> |

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

PEAK TO PEAK CHARTER SCHOOLS, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2016

| | Program Revenues | | | | Net (Expenses) |
|--------------------------------|-----------------------------|---|---|--|--------------------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position | |
| Governmental activities | | | | | |
| Instructional | \$ 9,376,981 | \$ 401,018 | \$ 383,834 | \$ - | \$ (8,592,129) |
| Support services: | | | | | |
| General administration | 4,194,197 | 992,242 | 81,523 | - | (3,120,432) |
| Maintenance and operations | 1,704,761 | - | - | 10,176,848 | 8,472,087 |
| Other supporting services | 533,355 | - | - | - | (533,355) |
| Interest on long-term debt | 927,342 | - | - | - | (927,342) |
| | \$ 16,736,636 | \$ 1,393,260 | \$ 465,357 | \$ 10,176,848 | (4,701,171) |
| | | GENERAL REVENUES | | | |
| | | | | | 10,192,219 |
| | | | | | 3,241,952 |
| | | | | | 829,431 |
| | | | | | 14,263,602 |
| | | | | | CHANGE IN NET POSITION |
| | | | | | 9,562,431 |
| | | | | | Net position, beginning |
| | | | | | (11,475,928) |
| | | | | | Net position, ending |
| | | | | | \$ (1,913,497) |

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

**PEAK TO PEAK CHARTER SCHOOLS, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016**

| | <u>General</u> | <u>Prairie View, Inc.</u> | <u>Friends of Peak to Peak, Inc.</u> | <u>Non-Major Fund Food Services</u> | <u>Total</u> |
|--|---------------------|-------------------------------|--|---|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 4,332,802 | \$ - | \$ 103,522 | \$ 31,619 | \$ 4,467,943 |
| Restricted cash and investments | - | 2,665,740 | 1,120,583 | - | 3,786,323 |
| Prepaid expense | 7,808 | - | - | - | 7,808 |
| Accounts receivable | 1,594 | - | - | - | 1,594 |
| TOTAL ASSETS | <u>\$ 4,342,204</u> | <u>\$ 2,665,740</u> | <u>\$ 1,224,105</u> | <u>\$ 31,619</u> | <u>\$ 8,263,668</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 197,173 | \$ - | \$ - | \$ 476 | \$ 197,649 |
| Accrued salaries and benefits | 777,630 | - | - | 8,920 | 786,550 |
| Unearned revenues | 37,520 | - | - | - | 37,520 |
| TOTAL LIABILITIES | <u>1,012,323</u> | <u>-</u> | <u>-</u> | <u>9,396</u> | <u>1,021,719</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 7,808 | - | - | - | 7,808 |
| Restricted | 470,766 | 2,665,740 | 1,120,583 | - | 4,257,089 |
| Committed | - | - | 57,400 | - | 57,400 |
| Assigned | - | - | 46,122 | 22,223 | 68,345 |
| Unassigned | 2,851,307 | - | - | - | 2,851,307 |
| TOTAL FUND BALANCES | <u>3,329,881</u> | <u>2,665,740</u> | <u>1,224,105</u> | <u>22,223</u> | <u>7,241,949</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 4,342,204</u> | <u>\$ 2,665,740</u> | <u>\$ 1,224,105</u> | <u>\$ 31,619</u> | <u>\$ 8,263,668</u> |

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

**PEAK TO PEAK CHARTER SCHOOLS, INC.
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|---|---------------------|---------------------------|
| Total fund balance - governmental funds | \$ | 7,241,949 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets is \$33,642,870 and accumulated depreciation is \$6,579,075. | | |
| | | 27,063,795 |
| Deferred loss on refunding, net of accumulated amortization | | 3,423,426 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Accrued interest | (299,156) | |
| Bonds payable | (17,410,000) | |
| Bond premium, net of accumulated amortization | (1,151,276) | |
| Compensated absences | (69,794) | |
| Net pension liability | <u>(23,525,888)</u> | (42,456,114) |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Contributions subsequent to measurement date | 704,568 | |
| Change in investment earnings | 1,989,794 | |
| Change in proportionate share | 444,312 | |
| Change in experience | <u>310,662</u> | 3,449,336 |
| Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Change in experience | (951) | |
| Change in proportionate share | (302,475) | |
| Change in assumptions | <u>(332,463)</u> | <u>(635,889)</u> |
| Total net position | \$ | <u><u>(1,913,497)</u></u> |

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

PEAK TO PEAK CHARTER SCHOOLS, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

| | <u>General Fund</u> | <u>Prairie View, Inc.</u> | <u>Friends of Peak to Peak, Inc.</u> | <u>Non-Major Fund Food Services</u> | <u>Total</u> |
|--|-------------------------|-------------------------------|--|---|---------------------|
| REVENUES | | | | | |
| Per pupil funding | \$ 10,192,219 | \$ - | \$ - | \$ - | \$ 10,192,219 |
| District mill levy | 3,241,952 | - | - | - | 3,241,952 |
| Rental income | - | 1,406,908 | - | - | 1,406,908 |
| Intergovernmental: | | | | | |
| State sources | 749,548 | - | - | 3,388 | 752,936 |
| Federal sources | - | - | - | 78,135 | 78,135 |
| Donations | - | - | 495,815 | - | 495,815 |
| Other income | 1,302,117 | - | 114 | 416,516 | 1,718,747 |
| Investment income | 7,993 | 136 | - | - | 8,129 |
| TOTAL REVENUES | <u>15,493,829</u> | <u>1,407,044</u> | <u>495,929</u> | <u>498,039</u> | <u>17,894,841</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 8,284,462 | - | - | - | 8,284,462 |
| Support services: | | | | | |
| General administration | 3,660,481 | - | 42,002 | 491,714 | 4,194,197 |
| Capital outlay | 1,493,687 | - | - | - | 1,493,687 |
| Rent expense | 1,406,908 | - | - | - | 1,406,908 |
| Maintenance and operations | 987,723 | - | - | - | 987,723 |
| Other supporting services | 420,708 | - | 112,647 | - | 533,355 |
| Debt service: | | | | | |
| Principal | - | 470,000 | - | - | 470,000 |
| Interest | - | 805,950 | - | - | 805,950 |
| TOTAL EXPENDITURES | <u>16,253,969</u> | <u>1,275,950</u> | <u>154,649</u> | <u>491,714</u> | <u>18,176,282</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 337,810 | 70,000 | - | - | 407,810 |
| Transfers out | (102,500) | - | (305,310) | - | (407,810) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>235,310</u> | <u>70,000</u> | <u>(305,310)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (524,830) | 201,094 | 35,970 | 6,325 | (281,441) |
| FUND BALANCE, Beginning, as restated (See Note 2) | <u>3,854,711</u> | <u>2,464,646</u> | <u>1,188,135</u> | <u>15,898</u> | <u>7,523,390</u> |
| FUND BALANCE, Ending | <u>\$ 3,329,881</u> | <u>\$2,665,740</u> | <u>\$1,224,105</u> | <u>\$ 22,223</u> | <u>\$ 7,241,949</u> |

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

**PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peak to Peak Charter Schools, Inc. (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Boulder Valley School District (the District). The statutes define these contracted schools as "charter schools". Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

Peak to Peak Charter Schools, Inc. was formed on May 12, 1998 and began operations as an incorporated school in 2000. The School has been granted 501(c)(3) status by the Internal Revenue Service. The School operates under a charter granted by the Boulder Valley School District RE-2 (the District) Board of Education.

The accompanying financial statements present the School and two non-profit organizations considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the School's operations. Prairie View, Inc. and Friends of Peak to Peak, Inc. (the Foundation) meet the requirements for blending.

Prairie View, Inc. was established for the purpose of financing and constructing the school facilities and to accumulate resources from the collection of rents from the School to make payments for Prairie View, Inc.'s capital and debt service costs. Prairie View, Inc. does not issue separate financial statements.

The Foundation was established to aid in development of the School and is responsible for raising funds to be used for the expansion of the School and its educational objectives. The Foundation does not issue separate financial statements.

The School is a component unit of the District and is included in the District's Comprehensive Annual Financial Report.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a 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 individuals 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. Other items not included among program revenues are reported instead as general revenues.

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

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Measurable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

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

Special Revenue Fund – Prairie View, Inc.: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for Prairie View, Inc.

Special Revenue Fund – Friends of Peak to Peak, Inc.: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports one special revenue fund for Friends of Peak to Peak, Inc.

Non-Major Governmental Funds *Special Revenue Fund – Food Services Fund:* Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted for specified purposes. The School reports one special revenue fund for the School's food services activity.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds.

For the year ended June 30, 2016, Peak to Peak Charter Schools, Inc. adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application, which is effective for financial statements periods beginning after June 15, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Peak to Peak Charter Schools, Inc.'s fair value measurements have changed as a result of the implementation due to its involvement with Community First Foundation; all other investments are held in 2a-7 like external investment pools or money market funds, which are measured at amortized cost. See Note 3 for additional information.

Capital Assets

Capital assets purchased by Prairie View, Inc., which include land, buildings and building improvements, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506).

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 10 to 50 years.

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School has four types of items classified as deferred outflows of resources related to the GASB No. 68 and GASB No. 71: 1) contributions subsequent to measurement date; 2) change in investment earnings; 3) change in proportionate share; and 4) change in experience. See Note 9 for additional information. The School also has another type of deferred outflow of resources related to a deferred loss on debt refunding.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$786,550.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2016. Due to GASB No. 68, the School is required to report its proportionate share of PERA's unfunded pension liability. See Note 9 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School had three items, which are classified as a deferred inflow of resources due to GASB No. 68: 1) change in experience; 2) change in proportionate share of the net pension liability; and 3) change in assumptions. See Note 9 for additional information.

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact.

Restricted fund balances in the School's general fund indicate amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's general fund balance are described in Note 8, and are described in Note 3 for the Friends of Peak to Peak, Inc. fund balance.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period. Friends of Peak to Peak, Inc. has a committed fund balance of \$57,400 for scholarships.

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager. For the Friends of Peak to Peak, Inc. fund and Food Services fund, the remaining positive amounts not classified in the above categories are considered assigned, which are \$46,122 and \$22,223, respectively.

**PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. When both unassigned and committed or assigned resources are available for use, it is the School’s policy to use committed, then assigned resources first, then unassigned resources as needed.

NOTE 2 – RESTATEMENT OF FUND BALANCE

The School restated beginning fund balance as a result of classifying the Food Services Fund as a special revenue fund as required by the Colorado Department of Education. The fund balance of the General Fund was restated as of July 1, 2015 to move the fund balance relating to the Food Services Fund as a non-major special revenue fund.

| | General Fund | Food Service Fund |
|--|---------------------|--------------------------|
| Fund Balance, ending June 30, 2015, as previously reported | \$ 3,870,609 | \$ - |
| Food Service Fund reclassification | (15,898) | 15,898 |
| Fund Balance, July 1, 2015, as restated | \$ 3,854,711 | \$ 15,898 |

NOTE 3 – CASH AND INVESTMENTS

Colorado statutes govern the School’s deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 percent of the uninsured deposits. At June 30, 2016, the School’s carrying amount of deposits was \$1,397,822.

Prairie View, Inc.

The bonds require Prairie View, Inc. to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly rent payments from the School (Note 6) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

At June 30, 2016, \$993,050 is held in reserved accounts required by the bond agreements, which is to be used for payment of principal and interest on the bonds. An additional \$1,422,678 is held in a reserve account and another \$250,013 is held in a repair and replacement account required by the bond agreements.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Credit Risk –The cash and investment reserve accounts owned by Prairie View, Inc. are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by Prairie View, Inc.; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to 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' acceptance of certain banks
- Corporate securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At June 30, 2016, the General Fund, Friends of Peak to Peak, Inc. and Prairie View, Inc.'s investments consisted of cash and money market funds, the money market funds do not have a credit rating. Unrestricted investments in the General Fund totaled \$3,070,120 at June 30, 2016. Friends of Peak to Peak, Inc.'s investments consisted of restricted endowment for \$1,110,760 held with the Community First Foundation, which does not have a credit rating, and \$8,818 held in a nonspendable restricted bond fund that does not have a credit rating, and \$1,005 held in a nonspendable restricted money market fund that does not have a credit rating.

Interest rate risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis.

Fair Value Measurements

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 unobservable inputs.

The School has the following recurring fair value measurements as of June 30, 2016:

- Endowment held within the Community First Foundation is valued based on unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3). As of June 30, 2016, Peak to Peak Charter School has a total of \$1,110,760 within Level 3 investments.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2016</u> |
|---|--|------------------|------------------|------------------|--|
| Capital assets, not depreciated: | | | | | |
| Land | \$ 1,657,966 | \$ - | \$ - | \$ - | \$ 1,657,966 |
| Construction in progress | 542,610 | 10,651,673 | - | (11,194,283) | - |
| Total capital assets, not depreciated | 2,200,576 | 10,651,673 | - | (11,194,283) | 1,657,966 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 2,584,364 | 444,717 | - | 425,081 | 3,454,162 |
| Buildings and building improvements | 17,369,906 | - | - | 10,769,202 | 28,139,108 |
| Equipment | 391,634 | - | - | - | 391,634 |
| Total capital assets, being depreciated | 20,345,904 | 444,717 | - | 11,194,283 | 31,984,904 |
| Accumulated depreciation: | | | | | |
| Land improvements | (1,093,634) | (128,115) | - | - | (1,221,749) |
| Buildings and building improvements | (4,875,582) | (341,329) | - | - | (5,216,911) |
| Equipment | (101,252) | (39,163) | - | - | (140,415) |
| Total accumulated depreciation | (6,070,468) | (508,607) | - | - | (6,579,075) |
| Total capital assets, being depreciated, net | 14,275,436 | (63,890) | - | 11,194,283 | 25,405,829 |
| Total capital assets | \$ 16,476,012 | \$ 10,587,783 | \$ - | \$ - | \$ 27,063,795 |

Depreciation expense of \$508,607 was charged to the maintenance and operations function/program of the School.

NOTE 5 – BONDS PAYABLE

On July 15, 2014, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$17,880,000 Charter School Refunding Revenue Bonds, Series 2014. Proceeds were used to refund the outstanding Series 2004 Charter School Revenue and Refunding Bonds. Interest accrues at rates ranging from 2% to 5% per annum, and is payable semi-annually on August 15 and February 15. Principal payments are due annually on August 15, through 2034.

Prairie View, Inc. has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 6. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$26,600,000. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2016, approximately \$1,407,000.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following at June 30, 2016:

| | |
|--|---------------|
| Charter School Refunding Revenue Bonds dated July 15, 2014, due in annual installments ranging from \$470,000 to \$1,350,000 through August 2034; interest (rate ranging from 2.00% to 5.00%) payable semi-annually on August 15 and February 15. Revenue from the rental of the building (Note 5) has been pledged to pay principal and interest. | \$ 17,410,000 |
| Plus bond premium | 1,151,276 |
| | 18,561,276 |
| Less current portion | (620,000) |
| Total | \$ 17,941,276 |

The following schedule represents the School's debt service requirements to maturity for outstanding revenue bonds at June 30, 2016:

| Year Ending | Principal | Interest | Total |
|--------------------|---------------|--------------|---------------|
| June 30, 2017 | \$ 620,000 | \$ 791,950 | \$ 1,411,950 |
| June 30, 2018 | 640,000 | 773,050 | 1,413,050 |
| June 30, 2019 | 655,000 | 750,600 | 1,405,600 |
| June 30, 2020 | 680,000 | 724,150 | 1,404,150 |
| June 30, 2021 | 710,000 | 696,350 | 1,406,350 |
| June 30, 2022-2026 | 4,010,000 | 3,005,750 | 7,015,750 |
| June 30, 2027-2031 | 5,060,000 | 1,916,250 | 6,976,250 |
| June 30, 2032-2035 | 5,035,000 | 518,625 | 5,553,625 |
| | \$ 17,410,000 | \$ 9,176,725 | \$ 26,586,725 |

Changes in bonds payable for the year ended June 30, 2016 were as follows:

| | Balance June 30, 2015 | Additions | Reductions | Balance June 30, 2016 | Amounts Due Within One Year |
|-----------------------------|--------------------------|------------|--------------|--------------------------|-----------------------------------|
| Bonds payable - series 2014 | \$ 17,880,000 | \$ - | \$ (470,000) | \$ 17,410,000 | \$ 620,000 |
| Premium - series 2014 | 1,215,236 | - | (63,960) | 1,151,276 | - |
| Compensated Absences | 63,633 | 138,602 | (132,441) | 69,794 | 2,605 |
| Total | \$ 19,158,869 | \$ 138,602 | \$ (666,401) | \$ 18,631,070 | \$ 622,605 |

NOTE 6 – LEASES

The School leases its building from Prairie View, Inc. The lease requires monthly payments, which approximate Prairie View, Inc.'s required payments on the bonds (Note 5) and may be terminated in any year by non-appropriation of funds. Prairie View, Inc. has pledged the lease payments to pay bond principal and interest.

Rent expense was \$1,406,908 for the year ended June 30, 2016, and is included in support services expenditures.

The lease between the School (lessee) and Prairie View, Inc. (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. The School is in compliance with the covenants.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss. Settled claims have not exceeded this coverage in the past three years.

NOTE 8 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency “reserve” of 3% of annual spending excluding bonded debt service. At June 30, 2016, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance.

Prairie View, Inc. is required to hold funds in escrow accounts related to its bond obligations as identified in Note 3, net position/fund balance are restricted attributable to the restrictions on its cash and investments.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deletions 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.

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the SCHDTF – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are 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. Retirements are determined by the amount of service credit earned and/or purchases, 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.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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 cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on

the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

| | <u>For the Year Ended December 31, 2015</u> | <u>For the Year Ended December 31, 2016</u> |
|---|---|---|
| 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 for the School for the year ended June 30, 2016 was \$1,223,456.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the School reported a liability of \$23,525,888 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 School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the School's proportion was 0.1538213382%, which was an increase of 0.0045200023% from its proportion measured as of December 31, 2014.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the School recognized pension expense of \$2,326,814. At June 30, 2016, the School 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 | \$ 310,662 | \$ 951 |
| Net difference between projected and actual earnings on pension plan investments | 1,989,794 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 444,312 | 302,475 |
| Changes of assumptions or other inputs | | 332,463 |
| Contributions subsequent to the measurement date | <u>704,568</u> | <u>-</u> |
| Total | <u>\$ 3,449,336</u> | <u>\$ 635,889</u> |

\$704,568 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 | \$ 508,089 |
| 2018 | 561,365 |
| 2019 | 628,960 |
| 2020 | <u>410,196</u> |
| Total | <u>\$ 2,108,879</u> |

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

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

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, 2014 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.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- 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.

As of the November 15, 2013 adoption 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 | <u>7.00%</u> | 7.15% |
| Total | <u>100.00%</u> | |

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%. 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 project 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.
- 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 AE 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 to 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 the 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.

**PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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 | \$ 30,496,426 | \$ 23,525,888 | \$ 17,727,700 |

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

NOTE 10 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding Policy – The School 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 School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the

School's contributions to the HCTF were \$70,180, \$64,199, and \$63,046 respectively, equal to their required contributions for each year.

NOTE 11 – LEGAL COMPLIANCE

The School may be in violation of state statutes as the expenditures for the Friends of Peak to Peak, Inc. Fund exceeded appropriations by \$60,649 and the expenditures for the Food Services Fund exceeded appropriations by \$44,561.

REQUIRED SUPPLEMENTARY INFORMATION

PEAK TO PEAK CHARTER SCHOOLS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|----------------------------|---|
| REVENUES | | | | |
| Per pupil revenue | \$ 10,187,687 | \$ 10,180,486 | \$ 10,192,219 | \$ 11,733 |
| District mill levy | 3,234,751 | 3,232,455 | 3,241,952 | 9,497 |
| Intergovernmental: | | | | |
| State sources | 656,075 | 668,931 | 749,548 | 80,617 |
| Federal sources | - | - | - | - |
| Other income | 1,154,946 | 1,122,706 | 1,302,117 | 179,411 |
| Investment income | - | - | 7,993 | 7,993 |
| TOTAL REVENUES | <u>15,233,459</u> | <u>15,204,578</u> | <u>15,493,829</u> | <u>289,251</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 8,346,069 | 8,289,603 | 8,284,462 | 5,141 |
| Support services: | | | | |
| General administration | 3,824,854 | 3,790,691 | 3,660,481 | 130,210 |
| Capital Outlay | 25,000 | 1,575,000 | 1,493,687 | 81,313 |
| Rent Expense | 1,427,608 | 1,427,608 | 1,406,908 | 20,700 |
| Facilities and maintenance | 1,016,396 | 1,009,856 | 987,723 | 22,133 |
| Other supporting services | 305,032 | 297,834 | 420,708 | (122,874) |
| TOTAL EXPENDITURES | <u>14,944,959</u> | <u>16,390,592</u> | <u>16,253,969</u> | <u>136,623</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 307,000 | 307,000 | 337,810 | 30,810 |
| Transfers out | - | - | (102,500) | (102,500) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>307,000</u> | <u>307,000</u> | <u>235,310</u> | <u>(71,690)</u> |
| NET CHANGE IN FUND BALANCE | 595,500 | (879,014) | (524,830) | 354,184 |
| FUND BALANCE, Beginning, as restated (see Note 2) | <u>3,854,711</u> | <u>3,854,711</u> | <u>3,854,711</u> | <u>-</u> |
| FUND BALANCE, Ending | <u><u>\$ 4,450,211</u></u> | <u><u>\$ 2,975,697</u></u> | <u><u>\$ 3,329,881</u></u> | <u><u>\$ 354,184</u></u> |

See accompanying Notes to the Required Supplementary Information.

PEAK TO PEAK CHARTER SCHOOLS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – FRIENDS OF PEAK TO PEAK, INC.
YEAR ENDED JUNE 30, 2016

| | <u>Original and Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--------------------------------|----------------------------|---|
| REVENUES | | | |
| Donations | \$ 401,000 | \$ 495,815 | \$ 94,815 |
| Other income | - | 114 | 114 |
| TOTAL REVENUES | <u>401,000</u> | <u>495,929</u> | <u>94,929</u> |
| EXPENDITURES | | | |
| General administration | - | 42,002 | (42,002) |
| Other supporting services | 94,000 | 112,647 | (18,647) |
| TOTAL EXPENDITURES | <u>94,000</u> | <u>154,649</u> | <u>(60,649)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(307,000)</u> | <u>(305,310)</u> | <u>1,690</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(307,000)</u> | <u>(305,310)</u> | <u>1,690</u> |
| NET CHANGE IN FUND BALANCE | - | 35,970 | 157,268 |
| FUND BALANCE, Beginning | <u>1,188,135</u> | <u>1,188,135</u> | <u>-</u> |
| FUND BALANCE, Ending | <u><u>\$ 1,188,135</u></u> | <u><u>\$ 1,224,105</u></u> | <u><u>\$ 157,268</u></u> |

See accompanying Notes to the Required Supplementary Information.

**PEAK TO PEAK CHARTER SCHOOLS, INC.
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS ***

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|---------------|---------------|---------------|
| School's proportion (percentage) of the collective net pension liability (asset) | 0.1538213382% | 0.1493013359% | 0.1544626795% |
| School's proportionate share of the collective pension liability (asset) | 23,525,888 | 20,235,346 | 19,701,673 |
| Covered-employee payroll | 7,196,937 | 6,715,234 | 6,491,195 |
| School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 326.89% | 301.33% | 303.51% |
| Plan fiduciary net pension as a percentage of the total pension liability | 59.20% | 62.80% | 64.06% |

*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

See accompanying Notes to the Required Supplementary Information.

PEAK TO PEAK CHARTER SCHOOLS, INC.
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS *

| As of June 30, | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|
| Statutorily required contributions | \$ 1,223,456 | \$ 1,070,807 | \$ 1,018,001 |
| Contributions in relation to the statutorily required contribution | <u>1,223,456</u> | <u>1,070,807</u> | <u>1,018,001</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | 6,872,086 | 6,390,053 | 6,199,888 |
| Contribution as a percentage of covered-employee payroll | 17.80% | 16.76% | 16.42% |

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

See accompanying Notes to the Required Supplementary Information.

PEAK TO PEAK CHARTER SCHOOLS, INC.
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

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

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to allow parents and other members of the public comment and recommendations.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's Board of Directors after the October 1, 2015 student count day.
- h) There was no legally adopted budget for Prairie View, Inc.
- i) All appropriations lapse at the end of each fiscal year.

PEAK TO PEAK CHARTER SCHOOLS, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – FOOD SERVICES FUND
JUNE 30, 2016

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Food Service | \$ 454,000 | \$ 454,000 | \$ 498,039 | \$ 44,039 |
| TOTAL REVENUES | <u>454,000</u> | <u>454,000</u> | <u>498,039</u> | <u>44,039</u> |
| EXPENDITURES | | | | |
| General Administration | 450,200 | 447,153 | 491,714 | (44,561) |
| Transportation | - | | | - |
| TOTAL EXPENDITURES | <u>450,200</u> | <u>447,153</u> | <u>491,714</u> | <u>(44,561)</u> |
| NET CHANGE IN FUND BALANCE | 3,800 | 6,847 | 6,325 | (522) |
| FUND BALANCE, Beginning, as restated (see Note 2) | <u>15,898</u> | <u>15,898</u> | <u>15,898</u> | <u>-</u> |
| FUND BALANCE, Ending | <u>\$ 19,698</u> | <u>\$ 22,745</u> | <u>\$ 22,223</u> | <u>\$ (522)</u> |