

TWO RIVERS COMMUNITY SCHOOL

BASIC FINANCIAL STATEMENTS

June 30, 2015

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**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Two Rivers Community School
Glenwood Springs, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of Two Rivers Community School, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, 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 and each major fund of Two Rivers Community School, as of June 30, 2015, and the respective changes in financial position, 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 23-25 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.

John Luttler & Associates, LLC

October 14, 2015

**Two Rivers Community School
Management's Discussion and Analysis
For the year ended in June 30, 2015**

As management of Two Rivers Community School we offer readers of Two Rivers Community School's basic financial statements this narrative as an overview and analysis of the financial activities of TRCS for the fiscal year ended June 30, 2015.

Financial Highlights

The year ended June 30, 2015 is the second year of operations for TRCS, but the first year of operations using per-pupil as the main source of revenue. As of June 30, 2015, net position decreased to (\$80,691) based on the implementation of new regulations under the Governmental Accounting Standards Board Statement (GASB) Number 68. Based on the timing of implementing the regulation in 2014, the Beginning Net Position of the Government Type Activities was restated for FY2015. Further information about GASB 68 is provided in Note 7 of the financial statements.

At the close of the fiscal year Two Rivers Community School governmental funds reported a combined ending fund balance of \$175,874, an increase of \$199,459 from prior year. This decrease is primarily due to an increase in expenditures needed to start the school.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Two Rivers Community School's basic financial statements. Two Rivers Community School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Two Rivers Community School, in a manner similar to a private-sector business.

The statement of net position presents information on all of Two Rivers Community School'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 Two Rivers Community School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of Two Rivers Community School supported primarily by Per Pupil Operating Revenue or other revenues passed through from the Charter School Institute. The governmental activities of Two Rivers Community School include instruction and supporting services.

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. Two Rivers Community School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Two Rivers Community School are governmental funds.

Governmental Funds. 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 the school's near-term financing requirements.

Because the focus of 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 school's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Two Rivers Community School maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is the one governmental fund.

Two Rivers Community School adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for the funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 3-5 of this report.

Notes to the 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. This information is provided in pages 6-22 of this report.

Other information

A budgetary comparison schedule for the General Fund can be found on page 23 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the school's financial position. In the case of Two Rivers Community School, liabilities exceeded assets resulting in a Net Position of (\$80,691) in FY 2014-2015. Again, this is directly related to the new pension liability-reporting requirement under GASB 68.

Two Rivers Community School's Net Position

	Governmental Activities	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ASSETS		
Cash in the bank	\$ 174,240	\$ 3,612
Accounts Receivable	54,100	196,433
Prepaid Expenses	14,520	1,148
Capital Assets, Depreciated, Net of accumulated depreciation	298,742	-
Rent Deposit	31,300	21,300
Total Assets	572,902	222,493
 DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,392,353	-
 LIABILITIES		
Accounts Payable	234	-
Line of Credit	27,191	-
Unearned Revenue	4,350	-
Accrued Salaries & Benefits	66,511	2,295
Non-current liabilities due in one year	46,413	-
Non-current liabilities due in More than one year	157,252	-
Noncurrent Liability – Net Pension Liability	1,743,898	-
Total Liabilities	2,045,849	2,295
 DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	97	-
 NET POSITION		
Net Investment in Capital Assets	95,077	-
Restricted for Emergencies	43,000	-
Unrestricted	(218,768)	-
Total Net Position	\$ (80,691)	

The largest portion of Two Rivers Community School's assets is in capital assets, depreciated, net of accumulated depreciation at 52%. The second portion is in cash at 30% in 2015.

**Two Rivers Community School's Change in Net Position
Governmental Activities**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Program Revenue:		
Charges for Services	104,639	-
Operating Grants and Contributions	351,480	440,216
Capital Grants and Contributions	27,696	-
Total Program Revenue	483,815	440,216
General Revenue:		
Per Pupil Revenue	1,144,891	-
Interest Earnings	3	-
Total General Revenue	1,144,894	-
Total Revenue	1,628,709	440,216
Expenses:		
Current:		
Instruction	938,096	-
Supporting Services	743,467	220,018
Interests on long term debt	4,252	-
Total Expenses	1,685,815	220,018
Increase/(Decrease) in Net Position	(57,106)	220,198
Net Position, Beginning - RESTATED	(23,585)	
Net Position, Ending	\$ (80,691)	\$ 220,198

The largest portion of Two Rivers Community School's revenues came from per pupil revenue – 70% in 2015.

Financial Analysis of the Government's Funds

As noted earlier, Two Rivers Community School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of Two Rivers Community School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Two Rivers Community School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$175,874, an increase of \$199,459 from the previous year.

General Fund Budgetary Highlights

The School approves a final budget in June based on enrollment projections for the school year. In November, after enrollment stabilizes, adjustments are made to the budget. At year-end, the school had some variances between the original budget and actual activities. On the revenue side, the school recognized \$18,343 less in expected revenues from the revised budget mainly due to less per pupil revenue. As a result, the school cut costs and reduced expenses. One budget amendment was made during the 2014-2015 year.

Capital Assets & Long-Term Debt

Two Rivers Community School has capital assets in leasehold improvements in the amount of \$275,442 and machinery and equipment in two school buses in the amount of \$23,300. Two Rivers Community School has long-term debt with balance of \$203,665 as of June 30, 2015.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Two Rivers Community School is student enrollment. Enrollment for the 2014-2015 school year was 162 funded students. This information was analyzed as part of the 2015-2016 budget, which is projecting a 200 funded student count in an effort to budget conservatively, based on enrollment trends. Two Rivers Community School will utilize all non-restrictive funds to engage in negotiations to purchase the current property where the school is housed and/or to negotiate a loan for entire retrofitting of the building.

Requests for Information

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

Two Rivers Community School
Director of Business and Outreach
195 Center Dr.
Glenwood Springs, CO. 81601

Mailing address:
Two Rivers Community School
P.O. Box 188
Glenwood Springs, CO. 81602

BASIC FINANCIAL STATEMENTS

TWO RIVERS COMMUNITY SCHOOL

STATEMENT OF NET POSITION

As of June 30, 2015

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 174,240
Accounts Receivable	54,100
Prepaid Expenses	14,520
Deposits	31,300
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>298,742</u>
TOTAL ASSETS	<u>572,902</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	<u>1,392,353</u>
LIABILITIES	
Accounts Payable	234
Accrued Salaries and Benefits	66,511
Line of Credit	27,191
Unearned Revenue	4,350
Noncurrent Liabilities	
Due in One Year	46,413
Due in More than One Year	157,252
Net Pension Liability	<u>1,743,898</u>
TOTAL LIABILITIES	<u>2,045,849</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	<u>97</u>
NET POSITION	
Net Investment in Capital Assets	95,077
Restricted for Emergencies	43,000
Unrestricted	<u>(218,768)</u>
TOTAL NET POSITION	<u><u>\$ (80,691)</u></u>

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

TWO RIVERS COMMUNITY SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

<u>FUNCTIONS/PROGRAMS</u>	PROGRAM REVENUES				NET (EXPENSE)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>REVENUE AND CHANGES IN NET POSITION</u>
PRIMARY GOVERNMENT					<u>Governmental Activities</u>
Governmental Activities					
Instructional	\$ 938,096	\$ -	\$ 239,505	\$ -	\$ (698,591)
Supporting Services	743,467	104,639	111,975	27,696	(499,157)
Interest on Long-Term Debt	4,252	-	-	-	(4,252)
Total Governmental Activities	\$ 1,685,815	\$ 104,639	\$ 351,480	\$ 27,696	(1,202,000)
		GENERAL REVENUES			
		Per Pupil Revenue			1,144,891
		Interest			3
		TOTAL GENERAL REVENUES			1,144,894
		CHANGE IN NET POSITION			(57,106)
		NET POSITION, Beginning			(23,585)
		NET POSITION, Ending			\$ (80,691)

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

TWO RIVERS COMMUNITY SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	TOTAL GOVERNMENTAL FUNDS
ASSETS	
Cash and Investments	\$ 174,240
Accounts Receivable	54,100
Prepaid Expenditures	14,520
Deposits	<u>31,300</u>
TOTAL ASSETS	<u><u>\$ 274,160</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 234
Accrued Salaries	66,511
Line of Credit	27,191
Unearned Revenues	<u>4,350</u>
TOTAL LIABILITIES	<u>98,286</u>
FUND BALANCES	
Nonspendable	45,820
Restricted for Emergencies	43,000
Unassigned	<u>87,054</u>
TOTAL FUND BALANCES	<u>175,874</u>
TOTAL LIABILITIES AND FUND BALANCES	
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.	298,742
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This is the loan payable.	(203,665)
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 (\$1,743,898), deferred outflows relates to pension of \$1,392,353, and deferred inflows related to pensions of (\$97).	<u>(351,642)</u>
Net Position of governmental activities	<u><u>\$ (80,691)</u></u>

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

TWO RIVERS COMMUNITY SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	TOTAL GOVERNMENTAL FUNDS
	<u> </u>
REVENUES	
Local Sources	\$ 1,361,508
State Sources	62,439
Federal Sources	<u>204,762</u>
 TOTAL REVENUES	 <u>1,628,709</u>
EXPENDITURES	
Current	
Instruction	678,676
Supporting Services	559,395
Capital Outlay	390,592
Debt Service	
Principal	26,335
Interest	<u>4,252</u>
 TOTAL EXPENDITURES	 <u>1,659,250</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(30,541)</u>
OTHER FINANCING SOURCES (USES)	
Debt Proceeds	<u>230,000</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>230,000</u>
 NET CHANGE IN FUND BALANCES	 <u>199,459</u>
FUND BALANCES, Beginning	<u>(23,585)</u>
FUND BALANCES, Ending	<u><u>\$ 175,874</u></u>

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

TWO RIVERS COMMUNITY SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$ 199,459
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 of capital outlay in the current year.	298,742
Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of the principal payment for the year.	26,335
Deferred charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>(351,642)</u>
Change in net position of governmental activities	<u>\$ (57,106)</u>

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

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Two Rivers Community School (the “School”) was formed in 2013 pursuant to the Colorado Charter Schools Act to form and operate a charter school under the guidance of the Charter School Institute. The accounting policies of the School 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 School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School 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 School.

The Two Rivers Building Corporation (the “Building Corporation”) is considered to be financially accountable to the School. The purpose of the Building Corporation is to provide a mechanism to issue and pay debt on behalf of the School. The Building Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School. The Building Corporation is blended into the School’s financial statements as a debt service fund. Separate financial statements are not available for this entity.

During the year ended June 30, 2015, the School paid the Building Corporation \$30,587 in rent.

Government-Wide and Fund Financial Statements

The School financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 School.

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

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

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The School reports the following major governmental funds:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow 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.

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

Assets, Liabilities and Fund Balance/Net Position

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School 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: Leasehold improvements over 7 years.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized in the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

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 School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The School reports its deposits and prepaid amounts as nonspendable.
- 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 School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2015.

- 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 School 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 balances.

Compensated Absences

The School's policy allows employees to accumulate Paid Time Off (PTO) during the year. Upon termination of employment, no payment is made to the employee for accrued but unpaid PTO, therefore no liability has been recorded in the government-wide financial statements.

Risk Management

The School 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 School purchases commercial insurance for these risks of loss. Settled claims have not exceeded coverage in the last three years.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

School 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

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, 2015, State regulatory commissioners have indicated that one of the financial institutions holding deposits for the School is an eligible public depository. 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 School also had deposits with a credit union which is not an eligible public depository. This may be a violation of State statute. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the School had deposits with financial institutions with a carrying amount of \$174,240. The bank balances with the financial institutions were \$180,965. Of these balances, \$180,965 was covered by federal depository insurance.

TWO RIVERS COMMUNITY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

Interest Rate Risk

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

Credit Risk

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

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

The School does not have any investments as of June 30, 2015.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2015 is summarized below.

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Governmental Activities				
Leasehold Improvements	\$ -	\$ 275,442	\$ -	\$ 275,442
Machinery and Equipment	-	23,300	-	23,300
Total Capital Assets	<u>-</u>	<u>298,742</u>	<u>-</u>	<u>298,742</u>
Accumulated Depreciation				
Leasehold Improvements	-	-	-	-
Machinery and Equipment	-	-	-	-
Net Capital Assets	<u>\$ -</u>	<u>\$ 298,742</u>	<u>\$ -</u>	<u>\$ 298,742</u>

No depreciation was charged during the year ended June 30, 2015.

TWO RIVERS COMMUNITY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2015, were \$66,511. 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 School's long-term debt transactions for the year ended June 30, 2015:

	<u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u>	<u>Due In</u>
	<u>June 30, 2014</u>			<u>June 30, 2015</u>	<u>One Year</u>
Mortgage	\$ -	\$ 230,000	\$ 26,335	\$ 203,665	\$ 46,413

Mortgage – Alpine Bank

In July 2014, the School obtained a loan payable to Alpine Bank in the amount of \$230,000. This loan carries an interest rate of 3.3% per year. The School is required to make monthly principal and interest payments in the amount of \$4,370 through July 2017, with a final payment in the amount of \$105,670 due in August 2017.

Lines of Credit – Alpine Bank

In June 2014, the School opened a line of credit with the bank in the amount of \$32,863. The line of credit carried an interest rate of 7.125% and was scheduled to mature on June 30, 2015. As of June 30 2015, the line of credit carried a balance of \$27,191. This line of credit was extended and the School is required to make monthly payments of principal and interest of \$566, with a final payment of \$21,526 due on June 30, 2016. This line of credit carries an interest rate of 7.125%.

In June 2014, the School opened a line of credit with the bank in the amount of \$196,500. The line of credit carried an interest rate of 5.00% and matured on June 30, 2015. All amounts were repaid during the year and no amounts were drawn on the line of credit as of June 30, 2015.

In July 2014, the School opened a line of credit with the bank in the amount of \$25,000. All amounts were repaid during the year and no amounts were drawn on this line of credit as of June 30, 2015.

TWO RIVERS COMMUNITY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

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>
2016	\$ 46,413	\$ 6,022	\$ 52,435
2017	47,968	4,467	52,435
2018	<u>109,284</u>	<u>300</u>	<u>109,584</u>
Total	<u>\$ 203,665</u>	<u>\$ 10,789</u>	<u>\$ 214,454</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Pensions. 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/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.

General Information about the Pension Plan

Plan description. Eligible employees of the School 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.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the 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.

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.

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.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN(Continued)

General Information about the Pension Plan (Continued)

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.

Contributions. Eligible employees and 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:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
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	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF ¹	16.43%	17.33%

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 \$105,208 for the year ended June 30, 2015.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, 2015 the School reported a liability of \$1,743,898 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the School's proportion was 0.01287%, which was an increase of 0.01287% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015 the School recognized pension expense of \$456,850. At June 30, 2015, 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	N/A	\$ 97
Net difference between projected and actual earnings on pension plan investments	\$ 30,078	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$ 1,307,923	N/A
Contributions subsequent to the measurement date	\$ 54,352	N/A
Total	\$ 1,392,353	\$ 97

TWO RIVERS COMMUNITY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

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)

\$54,352 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, 2016. 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, 2015	
2016	\$445,968
2017	\$445,967
2018	\$445,967

Actuarial assumptions. The total pension liability in the December 31, 2013 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.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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 SCHD'TF'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 most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, 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%.

TWO RIVERS COMMUNITY SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHD'TF'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.

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%, 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	\$ 2,299,488	\$ 1,743,898	\$ 1,278,859

Pension plan fiduciary net position. Detailed information about the SCHD'TF'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.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Other Post-Employment 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 year ending June 30, 2015, the School's employer contribution to the HCTF was \$5,621, equal to their required contribution for the year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School 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 School may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

TWO RIVERS COMMUNITY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2015, the reserve of \$43,000 was recorded as a reservation of fund balance in the General Fund. The School has designated their deposits and prepaids as assets to cover this reserve.

NOTE 9: **DEFICIT NET POSITION**

The Net Position of the government type activities is in a deficit position of \$80,691 due to the School including the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

TWO RIVERS COMMUNITY SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 1,272,600	\$ 1,185,068	\$ 1,144,891	\$ (40,177)
Tuition and Fees	101,600	107,212	104,639	(2,573)
Contributions	-	22,800	111,975	89,175
Interest	-	-	3	3
Other	58,600	99,019	-	(99,019)
State Sources				
Grants and Donations	49,118	28,890	62,439	33,549
Federal Sources				
Grants and Donations	247,300	204,063	204,762	699
TOTAL REVENUES	<u>1,729,218</u>	<u>1,647,052</u>	<u>1,628,709</u>	<u>(18,343)</u>
EXPENDITURES				
Salaries	574,581	604,405	610,079	(5,674)
Employee Benefits	178,617	181,371	172,087	9,284
Purchased Services	546,366	402,845	326,194	76,651
Supplies and Materials	38,144	87,498	121,763	(34,265)
Property	117,171	82,500	390,592	(308,092)
Other	366,305	382,455	7,948	374,507
Debt Service				
Principal	53,359	32,488	26,335	6,153
Interest	-	-	4,252	(4,252)
TOTAL EXPENDITURES	<u>1,874,543</u>	<u>1,773,562</u>	<u>1,659,250</u>	<u>114,312</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(145,325)</u>	<u>(126,510)</u>	<u>(30,541)</u>	<u>95,969</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	230,000	230,000	230,000	-
NET CHANGE IN FUND BALANCES	84,675	103,490	199,459	95,969
FUND BALANCES, Beginning	-	-	(23,585)	(23,585)
FUND BALANCE, Ending	<u>\$ 84,675</u>	<u>\$ 103,490</u>	<u>\$ 175,874</u>	<u>\$ 72,384</u>

See the accompanying independent auditors' report.

TWO RIVERS COMMUNITY SCHOOL

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

Years Ended December 31,

	<u>2014</u>
School's proportionate share of the Net Pension Liability	0.013%
School's proportionate share of the Net Pension Liability	\$ 1,743,898
School's covered-employee payroll	\$ 262,921
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	663.3%
Plan fiduciary net position as a percentage of the total pension liability	62.8%

See the accompanying independent auditors' report.

TWO RIVERS COMMUNITY SCHOOL
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 SCHOOL DISTRICT TRUST FUND

Years Ended June 30,

	2015
Statorily required contributions	\$ 105,208
Contributions in relation to the Statorily required contributions	105,208
Contribution deficiency (excess)	\$ -
School's covered-employee payroll	\$ 551,065
Contributions as a percentage of covered-employee payroll	19.09%

See the accompanying independent auditors' report.