

**THOMAS MACLAREN STATE  
CHARTER SCHOOL**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

For the Year Ended June 30, 2017

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
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**JUNE 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Thomas MacLaren State Charter School

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Thomas MacLaren State Charter School, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School'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 of 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, the business-type activities, and each major fund of the Thomas MacLaren State Charter School, as of June 30, 2017, and the respective

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other-Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information as listed in the table of contents 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 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 Supplemental Information*

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

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
September 14, 2017

**THOMAS MACLAREN STATE CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

As management of Thomas MacLaren State Charter School (the School) we offer readers of the School's annual financial report this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

**FINANCIAL HIGHLIGHTS**

- Liabilities and deferred inflows of the School exceeded its assets and deferred outflows by \$4,545,793 during the year resulting in a negative net position balance.
- Total assets increased \$15,606,849, which represents an 1,461.90% percent increase from 2016. This was primarily due to the purchase of the new school building and land.
- At June 30, 2017 long-term liabilities were \$25,693,070. Of this amount, \$15,500,000 is related to the School's Series 2017 Charter School Revenue Bonds and the remaining \$10,193,070, is attributable to the recognition of the School's proportionate share of the net PERA pension liability.
- The Thomas MacLaren School Foundation ("Foundation") was established during the current fiscal year to fund and purchase the new school building and land. The Foundation is accounted for as an enterprise fund. This fund had a deficit net position of \$492,414 at year-end, due to first year expenses exceeding revenues.
- As of the close of the current fiscal year, the School's general fund reported an ending fund balance surplus of \$1,208,996.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances as a whole, in a manner similar to a private-sector business and include two statements:

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

The *statement of activities* presents information reporting 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 result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include costs of running a sixth through twelfth grade charter school. Currently, the school has one business-type activity that owns and manages its buildings and related debt service.

## **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School's operations, focusing on its most significant funds, not the School as a whole. The School has a general fund, which is a governmental fund.

**Governmental Funds:** The School's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School's programs.

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. Thus, readers may better understand the long-term impact of the School's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

**Proprietary funds.** The School reports one proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The School uses an enterprise fund to account for its building lease activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the enterprise fund is provided in the other supplementary information in this report.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School. The School adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. Two schedules have also been included to report certain pension information.

## 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 the School, total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,545,793 as of June 30, 2017 resulting in a negative net position. A deficit of \$1,810,210 is the school's net investment in capital assets. \$105,100 of the funds are restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. \$1,317,208 of the funds are restricted for debt service. The remaining deficit of \$4,207,891 is unrestricted.

### Condensed Statement of Net Position

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 1,552,155	\$ 1,055,235	\$ 4,530,033	\$ -
Capital assets	-	12,337	10,592,233	-
<b>Total assets</b>	<u>1,552,155</u>	<u>1,067,572</u>	<u>15,122,266</u>	<u>-</u>
Deferred outflows of resources	5,028,217	1,428,875	-	-
<b>Total deferred outflows of resources</b>	<u>5,028,217</u>	<u>1,428,875</u>	<u>-</u>	<u>-</u>
Current liabilities	343,159	171,814	114,680	-
Noncurrent liabilities	10,193,070	4,377,047	15,500,000	-
<b>Total liabilities</b>	<u>10,536,229</u>	<u>4,548,861</u>	<u>15,614,680</u>	<u>-</u>
Deferred inflows of resources	147,522	143,020	-	-
<b>Total deferred inflows of resources</b>	<u>147,522</u>	<u>143,020</u>	<u>-</u>	<u>-</u>
Net position:				
Net investment in capital assets	-	12,337	(1,810,210)	-
Restricted	105,100	89,200	1,317,208	-
Unrestricted	(4,208,479)	(2,296,971)	588	-
<b>Total net position</b>	<u>\$ (4,103,379)</u>	<u>\$ (2,195,434)</u>	<u>\$ (492,414)</u>	<u>\$ -</u>

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
<b>Revenues:</b>				
General revenues:				
Per pupil revenue	\$ 3,184,666	\$ 2,719,778	\$ -	\$ -
Other	6,498	1,863	2,196	-
Program revenue:				
Charges for services	113,708	97,518	-	-
Operating grants and contributions	340,074	247,031	-	-
Capital grants and contributions	125,501	101,328	-	-
<b>Total revenues</b>	<b>3,770,447</b>	<b>3,167,518</b>	<b>2,196</b>	<b>-</b>
<b>Expenses:</b>				
Instruction	3,929,771	2,113,507	495,198	-
Support services	1,748,033	1,207,823	-	-
<b>Total expenses</b>	<b>5,677,804</b>	<b>3,321,330</b>	<b>495,198</b>	<b>-</b>
Transfers	(588)	-	588	-
Change in net position	(1,907,945)	(153,812)	(492,414)	-
Net position, beginning, as originally stated	(2,195,434)	(2,563,217)	-	-
Prior period adjustment	-	521,595	-	-
Net position, beginning, as restated (deficit)	(2,195,434)	(2,041,622)	-	-
<b>Net position, ending (deficit)</b>	<b>\$ (4,103,379)</b>	<b>\$ (2,195,434)</b>	<b>\$ (492,414)</b>	<b>\$ -</b>

## ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the operating fund of the School. The fund balance for the general fund was a surplus of \$1,208,996 at the end of the current fiscal year.

## BUDGETARY HIGHLIGHTS

The School's budget is prepared in accordance with state law. During the year the School amended its General Fund budget primarily to reflect the following changes:

- Increases in per pupil revenues of \$17,736.
- Increase in various expenditures of \$124,594.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Capital assets include all capital outlays related to capital assets at the school, building and improvements, and land. The school had no investment in capital assets for its governmental activities at the end of the year. For business-type activities, the investment in capital assets net of depreciation was \$9,532,033.

The major capital asset event during the current fiscal year was the acquisition of the school building and land located at 1702 N. Murray Blvd., Colorado Springs, CO in the amount of \$10,601,775.

### **Debt Administration**

At the end of current fiscal year, the School had \$15.5 million in debt outstanding. This was used to fund capital activities.

## **ECONOMIC FACTORS**

- The primary factor driving the School's budget is student enrollment. Enrollment for the 2016-2017 school year was 452 students. Projected enrollment for the 2017-2016 school year is 492 students. The waitlist totaled 87 students as of August 1, 2017.
- The outlook for state funding for K-12 education has improved much in recent years. Per Pupil Revenue (PPR) is based on state tax revenue, local specific ownership taxes, and local property taxes. The School's PPR is further adjusted by its at-risk population in comparison to that of the local school district. Adjusted PPR for 2016-17 was \$7,046, an increase of 1.5% over the 2015-2016 PPR. The School's PPR for 2017-18 is projected at \$7,160— an increase of 1%.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Angie Stattman, Thomas MacLaren State Charter School, 1702 N. Murray Blvd., Colorado Springs, CO 80915.

## **BASIC FINANCIAL STATEMENTS**

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 1,328,198	\$ 50,588	\$ 1,378,786
Restricted cash and cash equivalents	-	4,654,447	4,654,447
Internal balance	175,002	(175,002)	-
Intergovernmental receivable	38,290	-	38,290
Other receivables	1,000	-	1,000
Prepaid expense	9,665	-	9,665
Capital assets not being depreciated			
Land		1,060,200	1,060,200
Capital assets, net of accumulated depreciation			
Building and improvements	-	9,541,575	9,541,575
Furniture & equipment	28,470	-	28,470
Less: accumulated depreciation	(28,470)	(9,542)	(38,012)
	-	-	-
Total Assets	<u>1,552,155</u>	<u>15,122,266</u>	<u>16,674,421</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	<u>5,028,217</u>	<u>-</u>	<u>5,028,217</u>
Total Deferred Outflows of Resources	<u>5,028,217</u>	<u>-</u>	<u>5,028,217</u>
<b>LIABILITIES</b>			
Accounts payable	138,557	78,280	216,837
Accrued salaries and benefits	153,592	-	153,592
Accrued interest payable	-	36,400	36,400
Unearned revenue	51,010	-	51,010
Noncurrent liabilities:			
Due in more than one year			
Net pension liability	10,193,070	-	10,193,070
Bonds payable	-	15,500,000	15,500,000
Total Liabilities	<u>10,536,229</u>	<u>15,614,680</u>	<u>26,150,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	<u>147,522</u>	<u>-</u>	<u>147,522</u>
Total Deferred Inflows of Resources	<u>147,522</u>	<u>-</u>	<u>147,522</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	(1,810,210)	(1,810,210)
Restricted for:			
TABOR	105,100	-	105,100
Debt Service	-	1,317,208	1,317,208
Unrestricted	<u>(4,208,479)</u>	<u>588</u>	<u>(4,207,891)</u>
Total Net Position (deficit)	<u>\$ (4,103,379)</u>	<u>\$ (492,414)</u>	<u>\$ (4,595,793)</u>

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction	\$ 3,929,771	\$ 113,708	\$ 340,074	\$ -	\$ (3,475,989)	\$ -	\$ (3,475,989)
Student support	100,361	-	-	-	(100,361)	-	(100,361)
Instructional staff	2,186	-	-	-	(2,186)	-	(2,186)
General administration	65,785	-	-	-	(65,785)	-	(65,785)
School administration	1,105,670	-	-	-	(1,105,670)	-	(1,105,670)
Business services	6,856	-	-	-	(6,856)	-	(6,856)
Maintenance and operations	340,524	-	-	125,501	(215,023)	-	(215,023)
Central services	126,651	-	-	-	(126,651)	-	(126,651)
Total governmental activities	<u>5,677,804</u>	<u>113,708</u>	<u>340,074</u>	<u>125,501</u>	<u>(5,098,521)</u>		<u>(5,098,521)</u>
<b>Business-type activities:</b>							
Foundation	495,198	-	-	-		(495,198)	(495,198)
Total primary government	<u>\$ 6,173,002</u>	<u>\$ 113,708</u>	<u>\$ 340,074</u>	<u>\$ 125,501</u>		<u>(495,198)</u>	<u>(5,593,719)</u>
<b>General Revenues:</b>							
Per pupil revenue					3,184,666	-	3,184,666
Investment income					299	2,196	2,495
Other income					6,199	-	6,199
Transfers					(588)	588	-
Total general revenues and transfers					<u>3,190,576</u>	<u>2,784</u>	<u>3,193,360</u>
Change in net position					(1,907,945)	(492,414)	(2,400,359)
Net position, beginning (deficit)					<u>(2,195,434)</u>	<u>-</u>	<u>(2,195,434)</u>
Net position, ending (deficit)					<u>\$ (4,103,379)</u>	<u>\$ (492,414)</u>	<u>\$ (4,595,793)</u>

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2017**

**ASSETS**

Cash	\$ 1,328,198
Due from other funds	175,002
Intergovernmental receivable	38,290
Other receivables	1,000
Prepaid expenses	<u>9,665</u>
 Total Assets	 <u><u>\$ 1,552,155</u></u>

**LIABILITIES**

Accounts payable	\$ 138,557
Accrued salaries and benefits	153,592
Unearned revenue	<u>51,010</u>
 Total Liabilities	 <u>343,159</u>

**FUND BALANCE**

Nonspendable	9,665
Restricted for TABOR	105,100
Unassigned	<u>1,094,231</u>
 Total Fund Balance	 <u>1,208,996</u>

Total Liabilities and Fund Balance	<u><u>\$ 1,552,155</u></u>
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The accompanying notes are an integral part of these financial statements.

**THOMAS MACLAREN STATE CHARTER SCHOOL  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds	\$ 1,208,996
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.	5,028,217
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,193,070)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.	<u>(147,522)</u>
Net Position of Governmental Activities	<u><u>\$ (4,103,379)</u></u>

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

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>REVENUES</b>	
Local sources	\$ 361,203
State sources	3,402,557
Federal sources	<u>6,687</u>
Total revenues	<u>3,770,447</u>
 <b>EXPENDITURES</b>	
Instruction	2,202,461
Student support	91,446
Instructional staff	2,186
General administration	65,785
School administration	610,230
Business services	6,856
Maintenance and operations	338,669
Central service	<u>126,651</u>
Total expenditures	<u>3,444,284</u>
Excess of revenue over expenditures	326,163
 <b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	<u>(588)</u>
Net change in fund balances	<u>325,575</u>
Fund balance, beginning	<u>883,421</u>
Fund balance, ending	<u><u>\$ 1,208,996</u></u>

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds	\$	325,575
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		 (4,068)
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		 <u>(2,229,452)</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>(1,907,945)</u></u>

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

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND**  
**JUNE 30, 2017**

	Foundation
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 50,588
Restricted cash and cash equivalents	4,654,447
Total current assets	4,705,035
Noncurrent Assets:	
Capital assets not being depreciated:	
Land	1,060,200
Capital assets being depreciated:	
Building and improvements	9,541,575
Less: accumulated depreciation	(9,542)
Total noncurrent assets	10,592,233
Total assets	15,297,268
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and other current liabilities	78,280
Accrued interest payable	36,400
Due to other funds	175,002
Total current liabilities	289,682
Noncurrent Liabilities:	
Bond payable	15,500,000
Total noncurrent liabilities	15,500,000
Total liabilities	15,789,682
<b>NET POSITION</b>	
Net investment in capital assets	(1,810,210)
Restricted for debt service	1,317,208
Unrestricted	588
Total net position (deficit)	\$ (492,414)

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Foundation
<b>OPERATING EXPENSES</b>	
Interest expense	\$ 36,400
Total operating expenses	36,400
Net operating income (loss)	(36,400)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	2,196
Depreciation expense	(9,542)
Debt issuance costs	(449,256)
Total non-operating revenues (expenses)	(456,602)
Income before transfers	(493,002)
Transfers in	588
Change in net position	(492,414)
Net position - beginning (deficit)	-
Net position - ending (deficit)	\$ (492,414)

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Foundation
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 175,590
Net cash provided (used) by noncapital financing activities	175,590
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(10,601,775)
Bond fees	(370,976)
Proceeds from bond issuance	15,500,000
Net cash provided (used) by capital and related financing activities	4,527,249
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	2,196
Net cash provided (used) by investing activities	2,196
Net increase (decrease) in cash and cash equivalents	4,705,035
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	\$ 4,705,035
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (36,400)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Accrued interest payable	36,400
Net cash provided (used) by operating activities	\$ -

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

## **NOTES TO FINANCIAL STATEMENTS**

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Thomas MacLaren State Charter School (the School) was organized pursuant to the Colorado Charter Schools Act on July 11, 2007 to form and operate a charter school under the oversight of the Colorado Charter School Institute (CSI). The School began admitting students in the Fall of 2009. The School receives its State funding from CSI. The current charter runs through June 30, 2019 and may be renewed for an additional period by mutual agreement of the School and CSI.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

*A. REPORTING ENTITY*

The accompanying financial statements present the School and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

*Blended component unit.* Thomas MacLaren School Foundation (the Foundation) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Foundation is reported as an enterprise fund and does not issue separate financial statements.

*B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and enterprise funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. *Governmental activities* are normally supported by per pupil revenue and intergovernmental revenues. *Business-type activities* rely to a significant extent on fees and charges to external customers for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)*

The School reports the following major governmental fund:

The *General 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.

The School reports the following major proprietary fund:

An *Enterprise Fund* is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Foundation is accounted for as an enterprise fund.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flow. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)*

The 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 collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues, charges for services, 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. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments are stated at fair value.

*Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

*Prepaid expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Capital Assets*

Capital assets, which include property, buildings, furniture and equipment, are reported 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. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	50 years
Furniture and equipment	7 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

*Pensions*

Thomas MacLaren State Charter 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.

*Deferred outflows/inflows of resources*

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

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Deferred outflows/inflows of resources (continued)*

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

*Long-term debt*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net position flow assumption*

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*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 available to be used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**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.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund Balance Classification (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 that was used 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.

Assigned – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

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 resources first to defer the use of these other classified funds.

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) fees and charges to pupils and other users 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. Revenues that are not classified as program revenues, including per pupil revenue, are reported as *general revenues*.

*Compensated Absences*

The School’s employees accrue paid time off during the year for personal needs and illness. Accrued paid time off is not paid upon termination of employment. Up to five days may be rolled into the following year which may only be used for medical absences. Accumulated paid time off at June 30, 2017 is not considered to be material to the financial statements. As a result, a liability for unused paid time off is not recorded in the financial statements.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*F. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)*

*Proprietary funds operating and non-operating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School's enterprise funds are rental income. Operating expenses for enterprise funds include interest expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

*BUDGET INFORMATION*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statutes for all funds. Prior to the fiscal year end, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual are results from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

A budget was not adopted for the Foundation.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

*DEFICIT NET POSITION*

The Enterprise fund had a deficit net position balance of \$492,414 as of June 30, 2017. The deficit balance is due to expenses relating to the first year of operation exceeding revenues. In future years rental income is scheduled to recover debt service costs related to the assets being depreciated, the School expects this deficit balance to be eliminated when accumulated rental income exceeds accumulated depreciation and interest expenses.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

*Custodial credit risk—deposits.* Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. 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 assets in the pool must be at least equal to 102% of the uninsured deposits.

At June 30, 2017, the carrying amount of the School's deposits was \$6,033,233 and the bank balances were \$6,068,184. Of the total bank balances, \$500,000 was covered by FDIC insurance and \$5,568,184 was uninsured, but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in a trust for all uninsured deposits as a group.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*Investments*

The School is required to comply with State statutes that specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

The School had no investments as of June 30, 2017.

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

The School has activity between funds for various purposes. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2017 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Foundation	<u>\$ 175,002</u>

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>
<b><i>Governmental Activities</i></b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 8,269	\$ -	\$ 8,269	\$ -
Capital assets, being depreciated:				
Equipment	<u>28,470</u>	-	-	<u>28,470</u>
Total capital assets, being depreciated	28,470	-	-	28,470
Less accumulated depreciation	<u>(24,402)</u>	<u>(4,068)</u>	-	<u>(28,470)</u>
Total capital assets being depreciated, net	<u>4,068</u>	<u>(4,068)</u>	-	-
Total capital assets, net	<u>\$ 12,337</u>	<u>\$ (4,068)</u>	<u>\$ 8,269</u>	<u>\$ -</u>

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>
<b><i>Business-type Activities</i></b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ 1,060,200	\$ -	\$ 1,060,200
Capital assets, being depreciated:				
Building and improvements	-	<u>9,541,575</u>	-	<u>9,541,575</u>
Total capital assets, being depreciated	-	<u>9,541,575</u>	-	<u>9,541,575</u>
Less accumulated depreciation	-	<u>(9,542)</u>	-	<u>(9,542)</u>
Total capital assets being depreciated, net	-	<u>9,532,033</u>	-	<u>9,532,033</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 10,592,233</u>	<u>\$ -</u>	<u>\$ 10,592,233</u>

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of as follows:

*Governmental activities:*

Instruction	\$ <u>4,068</u>
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**NOTE 6 – LONG-TERM LIABILITIES**

*Series 2017 Charter School Revenue Bonds*

Bonds to finance the capital projects in the original amount of \$15,500,000 due in varying monthly installments through June 1, 2024 at interest rates ranging from 5.0% to 5.25%. \$15,500,000

Annual debt service requirements to maturity for the bonds payable are as follows:

Fiscal Year <u>Ending June 30</u>	Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>
2018	\$ -	\$ 751,683
2019	-	775,375
2020	5,000	775,375
2021	285,000	775,112
2022	295,000	760,500
2023-2024	<u>14,915,000</u>	<u>1,476,000</u>
Total	<u>\$ 15,500,000</u>	<u>\$ 5,314,045</u>

The changes in long-term debt for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	<u>\$ -</u>	<u>15,500,000</u>	<u>-</u>	<u>15,500,000</u>	<u>\$ -</u>

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 – OPERATING LEASES**

*Building Corporation Lease*

On June 12, 2017, Thomas MacLaren State Charter School executed a new lease agreement with their blended component unit, Thomas MacLaren School Foundation. The lease term renews annually.

The future minimum lease payments for this lease are as follows:

Fiscal Year <u>Ending June 30</u>	
2018	\$ 185,344
2019	541,625
2020	780,375
2021	1,060,112
2022	1,055,500
2023-2024	<u>2,116,000</u>
Total	<u>\$ 5,738,956</u>

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the Thomas MacLaren State Charter 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*General Information about the Pension Plan (continued)*

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Contributions.* Eligible employees and Thomas MacLaren State Charter 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, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	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)	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. §24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411	4.50%	5.00%
<b>Total Employer Contribution Rate to the SCHDTF</b>	<b>18.13%</b>	<b>18.63%</b>

Rates 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 Thomas MacLaren State Charter School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Thomas MacLaren State Charter School were \$306,520 for the year ended June 30, 2017.

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

At June 30, 2017, the Thomas MacLaren State Charter School reported a liability of \$10,193,070 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Thomas MacLaren State Charter School proportion of the net pension liability was based on Thomas MacLaren State Charter School contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the Thomas MacLaren State Charter School's proportion was 0.0342349563 percent, which was an increase of 0.0056161337 from its proportion measured as of December 31, 2015.

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2017, the Thomas MacLaren State Charter School recognized pension expense of \$2,527,705. At June 30, 2017, the Thomas MacLaren State Charter 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	\$ 127,429	\$ 90
Changes of assumptions or other inputs	3,307,439	45,966
Net difference between projected and actual earnings on pension plan investments	340,835	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,096,978	101,466
Contributions subsequent to the measurement date	155,536	N/A
Total	\$ 5,028,217	\$ 147,522

\$155,536 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, 2018. 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:	
2018	\$ 2,027,650
2019	\$ 1,847,381
2020	\$ 846,728
2021	\$ 3,400

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following 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
Discount rate	7.50 percent
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

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA’s Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
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 used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disable retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA’s Board on November 18, 2016 to more closely reflect PERA’s actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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 18, 2016 adoption of the current 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

*Discount rate.* The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- 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 3.50%.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

**THOMAS MACLAREN STATE CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Sensitivity of the Thomas MacLaren State Charter School 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 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$12,817,458	\$10,193,070	\$8,055,601

*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](http://www.copera.org/investments/pera-financial-reports).

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

*Health Care Trust Fund*

*Plan description.* The Thomas MacLaren State Charter 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](http://www.copera.org/investments/pera-financial-reports).

*Funding policy.* The Thomas MacLaren State Charter 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 Thomas MacLaren State Charter 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, 2017, 2016, and 2015 the Thomas MacLaren State Charter School contributions to the HCTF were \$17,010, 14,063, and \$11,337 respectively, equal to the required contributions for each year

**NOTE 10 - 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 risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11 - CONCENTRATION OF RISK**

*Charter School Institute*

The School is funded directly by the Charter School Institute (CSI) based on the CSI's per pupil funding. For the fiscal year ended June 30, 2017, this funding along with pass-through grant funding accounted for approximately 99% of the School's revenues.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

*GRANTS*

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

**NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2017 there was a \$105,100 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 14 - COMPLIANCE**

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2017 audit period as required by Colorado Statute CRS 22-44-204(3).

**REQUIRED SUPPLEMENTARY INFORMATION**

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL**  
**JUNE 30, 2017**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School's proportion of the net pension liability (asset)	0.0186231385%	0.0231616298%	0.0286188226%	0.0342349563%
School's proportionate share of the net pension liability (asset)	\$ 2,375,376	\$ 3,139,179	\$ 4,377,047	\$ 10,193,070
School's covered payroll	\$ 750,758	\$ 970,306	\$ 1,247,202	\$ 1,536,526
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	316.40%	323.52%	350.95%	663.38%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%	43.1%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL**  
**JUNE 30, 2017**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 116,593	\$ 159,421	\$ 216,140	\$ 278,572
Contributions in relation to the contractually required contribution	<u>(116,593)</u>	<u>(159,421)</u>	<u>(216,140)</u>	<u>(278,572)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 750,758	\$ 970,306	\$ 1,247,202	\$ 1,536,526
Contributions as a percentage of covered payroll	15.53%	16.43%	17.33%	18.13%

\* The amounts presented for each fiscal year were determined as of 12/31.

\* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Local sources				
Fees	\$ 85,400	\$ 83,700	\$ 92,038	\$ 8,338
Pupil activities	189,100	189,100	262,668	73,568
Other	3,220	3,350	6,497	3,147
Total local sources	<u>277,720</u>	<u>276,150</u>	<u>361,203</u>	<u>85,053</u>
State sources				
Per pupil revenue	3,164,000	3,181,736	3,184,666	2,930
Capital construction funding	118,250	124,185	125,501	1,316
Other	81,426	67,489	92,390	24,901
Total state sources	<u>3,363,676</u>	<u>3,373,410</u>	<u>3,402,557</u>	<u>29,147</u>
Federal sources				
Total federal sources	<u>9,210</u>	<u>6,687</u>	<u>6,687</u>	<u>-</u>
Total revenues	<u>3,650,606</u>	<u>3,656,247</u>	<u>3,770,447</u>	<u>114,200</u>
<b>EXPENDITURES</b>				
Instruction	2,079,623	2,165,367	2,202,461	(37,094)
Student support	88,000	88,300	91,446	(3,146)
Instructional staff	2,000	1,000	2,186	(1,186)
General administration	110,740	103,741	65,785	37,956
School administration	660,013	670,935	610,230	60,705
Business services	11,025	11,925	6,856	5,069
Maintenance and operations	432,500	394,600	338,669	55,931
Central services	179,246	183,373	126,651	56,722
Emergency reserve	307,000	375,500	-	375,500
Total expenditures	<u>3,870,147</u>	<u>3,994,741</u>	<u>3,444,284</u>	<u>550,457</u>
EXCESS OF REVENUE OVER EXPENDITURES	(219,541)	(338,494)	326,163	664,657
<b>OTHER FINANCING USES</b>				
Transfers Out	-	-	(588)	588
Fund balance, beginning	<u>739,900</u>	<u>883,421</u>	<u>883,421</u>	<u>-</u>
Fund balance, ending	<u>\$ 520,359</u>	<u>\$ 544,927</u>	<u>\$ 1,208,996</u>	<u>\$ 664,657</u>

See the accompanying independent auditors' report.

## **OTHER SUPPLEMENTAL INFORMATION**

**THOMAS MACLAREN STATE CHARTER SCHOOL**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Actual	Final Budget	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
Interest expense	\$ 36,400	\$ -	\$ (36,400)
Capital outlays	10,601,775	-	(10,601,775)
Total expenses	10,638,175	-	(10,638,175)
Operating income (loss)	(10,638,175)	-	(10,638,175)
<b>NON-OPERATING</b>			
<b>REVENUES (EXPENSES)</b>			
Interest and investment revenue	2,196	-	2,196
Bond proceeds	15,500,000	-	(15,500,000)
Debt issuance costs	(449,256)	-	449,256
Total non-operating revenue (expenses)	15,052,940	-	(15,048,548)
Income (loss) before transfers	4,414,765	-	(25,686,723)
Transfers in	588	-	588
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	4,415,353	\$ -	\$ (25,686,135)
Less:			
Bond proceeds	(15,500,000)		
Depreciation	(9,542)		
Add:			
Capital outlays	10,601,775		
<b>CHANGE IN NET POSITION</b>	\$ (492,414)		
Ending fund balance is calculated as follows:			
Current assets	\$ 4,705,035		
Current liabilities	(289,682)		
	\$ 4,415,353		

See the accompanying Independent Auditors' Report.