

***GLOBE CHARTER SCHOOL***  
***A Component Unit of Colorado Springs***  
***School District No. 11***

**FINANCIAL STATEMENTS**

**June 30, 2011**

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**Board of Directors  
GLOBE Charter School  
Colorado Springs, Colorado**

### **Independent Auditors' Report**

We have audited the accompanying basic financial statements of the governmental activities and the major fund of GLOBE Charter School (School), a component unit of Colorado Springs School District No. 11, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, on pages i through v, and the budgetary comparison information, on page 15, are not a required part of the basic financial statements, but are supplementary information required by accounting principals generally accepted in the United States

Board of Directors  
GLOBE Charter School  
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of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

August 15, 2011

  
RubinBrown LLP  
RubinBrown LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS** (unaudited)

As management of Globe Charter School, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the school for the fiscal year ended June 30, 2011.

### **FINANCIAL HIGHLIGHTS**

The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$42,697 (net assets).

During the fiscal year the School's revenues decreased to \$1.20 million, expenses increased about \$24,512 to \$1.21 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of three parts: 1) Management's Discussion and Analysis, 2) Financial Statements including Notes to the Financial Statements, and 3) Required Supplemental Information.

### **SCHOOL-WIDE FINANCIAL STATEMENTS**

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

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

The Statement of Activities presents information showing how the school's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g. earned but unpaid salary and benefits).

The school-wide statement of activities distinguishes functions of the school supported primarily by per pupil operating revenue or other revenues passed through from Colorado Springs School District 11. The governmental activities of the school includes instruction and supporting services.

## **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. The School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the school-wide financial statements, governmental fund financial statements focus on near term inflows and outflows 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 school-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the school-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.

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

## **FINANCIAL ANALYSIS OF THE SCHOOL**

One of the most important questions asked about the School's finances is "Is the school as a whole better off or worse off as a result of this year's activities?" The Statement of Financial Position and the Statement of Activities report information about the School's activities in a way that can help answer that question. These two statements report the net assets of the school and changes in them. The School's net assets (difference between assets and liabilities) are one way to measure financial health or financial position. Over time, increases in the School's net assets are one indicator that the School's financial health is improving. However, you will need to consider other non-financial factors such as changes in economic conditions, student population growth, or changed governmental legislation.

### **NET ASSETS**

As part of our analysis, we provide a summary of the School's Statement of Financial Position as presented below.

### Condensed Statement of Net Assets

	2011	2010	\$ Change	% Change
Current Assets	\$ 100,298	\$ 123,917	\$ (23,619)	(19.1%)
Capital Assets	27,542	43,675	(16,133)	(67.9%)
<b>Total Assets</b>	<b>127,840</b>	<b>167,592</b>	<b>(39,752)</b>	<b>(23.7%)</b>
Current Liabilities	85,143	117,574	(32,431)	(27.5%)
L-T Liabilities	-0-	-0-	-0-	0%
<b>Total Liabilities</b>	<b>85,143</b>	<b>117,574</b>	<b>(32,431)</b>	<b>(27.5%)</b>
Invested in Cap. Assets	27,542	-0-	27,542	0.0%
Unrestricted Funds	(20,675)	15,208	(35,883)	(235.9%)
Restricted Funds	35,830	34,809	1,021	2.9%
<b>Total Net Assets</b>	<b>\$ 42,697</b>	<b>\$ 50,017</b>	<b>\$ (7,320)</b>	<b>(14.6%)</b>

As can be seen from the chart above, net assets decreased \$7,320 to 42,697 in FY2011, down from 50,017 in FY2010.

While the Statements of Net Assets show the change in net assets, the Statement of Activities provides answers as to the nature and source of these changes. As can be seen in the table below, both per pupil revenue and grants/other revenue increased at a rate greater than expenses increased. The grants/other revenue represented receipt of funds the bulk of which were expended on activities in FY 2011.

## Condensed Statements of Activities and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
General Revenue				
Per Pupil Op Revenue	\$ 1,075,897	\$ 1,071,063	\$ 4,834	.5%
Other Gen. Revenue	69,509	118,294	(48,785)	(41.2%)
Grants/Other Revenue	<u>57,766</u>	<u>20,285</u>	<u>37,481</u>	<u>184.8%</u>
<b>Total Revenues</b>	1,203,172	1,209,642	(6,470)	(0.5%)
Instructional Expenses	680,785	676,009	4,776	0.7%
Administrative Expenses	<u>529,707</u>	<u>509,971</u>	<u>19,736</u>	<u>3.9%</u>
<b>Total Expenses</b>	1,210,492	1,185,980	24,512	2.1%
<b>Change in Net Assets</b>	(7,320)	23,662	(30,982)	(130.9%)
<b>Beginning Net Assets</b>	<u>50,017</u>	<u>26,355</u>	<u>23,662</u>	<u>89.8%</u>
<b>Ending Net Assets</b>	\$ 42,697	\$ 50,017	\$ (7,320)	(36.6%)

## BUDGETARY HIGHLIGHTS

The school developed its budget for FY2011 in May and June 2010. For the FY2011 budget vs. actual, the School was under budget by \$1,689, even due to the move to a new building.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Assets with a useful life of more than one year and a unit cost of greater than \$500 are capitalized. Assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, ranging from a consistent format.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for the school is student enrollment. The enrollment projected for the 2011-2012 school year is 170 FTE students. The school has decided to not have high school or middle school students at this time.

The school's board of directors and administration considered many factors when setting the FY 2012 budget. One is the ongoing uncertainty in the economy of the state of Colorado and the resultant impact on revenue collections. Although the voters approved a provision to the Colorado constitution in November 2000 (Amendment 23) that calls for an increase in K-12 funding of pupil growth, plus inflation, plus 1% for 10 years, the possibility of a rescission in FY 2012 has been considered. And, the uncertainty of Amendment 23 capital construction funding in FY 2012 has also been considered.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Globe Charter School's finances for all those with an interest in them. Questions concerning any of the information provided in this report should be directed to the school business manager at Globe Charter School, 3302 Alpine Place, Colorado Springs, CO 80909.

GLOBE CHARTER SCHOOL

GOVERNMENTAL FUNDS BALANCE SHEET/  
STATEMENT OF NET ASSETS

June 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 95,249	\$	\$ 95,249
Accounts Receivable, Net	2,049		2,049
Prepaid Expenses	3,000		3,000
Total Current Assets	100,298		100,298
NONCURRENT ASSETS			
Capital Assets, Net (Note 3)		27,542	27,542
Total Assets	<u>100,298</u>	<u>27,542</u>	<u>127,840</u>
<u>LIABILITIES AND FUND BALANCE/NET ASSETS</u>			
LIABILITIES			
Wages Payable	72,920		72,920
Payroll Tax Liabilities	12,223		12,223
Total Liabilities	<u>85,143</u>		<u>85,143</u>
FUND BALANCE			
Nonspendable	3,000	(3,000)	
Restricted for Emergencies (Note 8)	35,830	(35,830)	
Unassigned	(23,675)	23,675	
Total Fund Balance	<u>15,155</u>	<u>(15,155)</u>	
Total Liabilities and Fund Balance	<u>\$ 100,298</u>		
NET ASSETS			
Invested in Capital Assets		27,542	27,542
Restricted:			
Emergencies (Note 8)		35,830	35,830
Unrestricted		(20,675)	(20,675)
Total Net Assets		<u>\$ 42,697</u>	<u>\$ 42,697</u>

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

GLOBE CHARTER SCHOOL

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENSES</b>			
Governmental Activities:			
Instruction	\$ 680,785	\$	\$ 680,785
Supporting Services	513,574	16,133	529,707
Total Expenses	<u>1,194,359</u>	<u>16,133</u>	<u>1,210,492</u>
<b>PROGRAM REVENUES</b>			
Operating Grants and Contributions	3,756		3,756
Capital Grants and Contributions	7,286		7,286
Charges for Student Activities	24,773		24,773
Total Program Revenues	<u>35,815</u>		<u>35,815</u>
Net Program Expense	<u>(1,158,544)</u>	<u>(16,133)</u>	<u>(1,174,677)</u>
<b>GENERAL REVENUES</b>			
Per Pupil Operating Revenue	1,075,897		1,075,897
Mill Levy Override	58,467		58,467
Special Project Income	30,858		30,858
Miscellaneous	2,132		2,132
Interest Income	3		3
Total General Revenues	<u>1,167,357</u>		<u>1,167,357</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	8,813		
<b>CHANGE IN NET ASSETS</b>		(16,133)	(7,320)
<b>FUND BALANCE/NET ASSETS</b>			
Beginning of Year	<u>6,342</u>	<u>43,675</u>	<u>50,017</u>
End of Year	<u>\$ 15,155</u>	<u>\$ 27,542</u>	<u>\$ 42,697</u>

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

## GLOBE CHARTER SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GLOBE Charter School (School) was formed in 1995 pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School is located in Colorado Springs, Colorado, and its mission is to enable students to become responsible, competent, aware, innovative, and active citizens of the world. GLOBE is an acronym for “Global and Local Objectives for Better Education.” The School serves students in grades K-6.

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 School is considered a component unit of Colorado Springs School District No. 11 (District), and is includable in the District's basic financial statements. The School is deemed to be fiscally dependent upon the District because the District provides the majority of support to the School in the form of per pupil operating revenue.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization, or (2) the School is legally entitled to, or can otherwise access, the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the School in that the District approves the budget, levies their taxes or issues their debt.

The School is not financially accountable for any other organization, and no other entities are included in the School's reporting entity.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and statement of activities) report information on all of the

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Government-Wide and Fund Financial Statements (Continued)**

activities of the School. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. 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. Other revenues, not directly related to a particular function or program, are reported separately as general revenues.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means the amount of the transaction can be determined and, “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collectible within 60 days of the current fiscal year. Expenditures are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The School reports the following major governmental fund:

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General - this fund accounts for all general operating financial resources of the School. There are no resources required to be accounted for in another fund.

Governmental Accounting Standards require the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- « Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.
- « Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- « Unrestricted – The component that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the School’s policy to use restricted resources first, then unrestricted resources. The School has not adopted fund balance policies therefore, the School will follow the guidance in accordance with Governmental Account Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and apply resources in the following order: committed, assigned, and unassigned.

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents**

The School considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**Accounts Receivable**

Accounts receivable have been reduced by an allowance for doubtful accounts of \$948.

**Capital Assets**

Capital assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. All assets with a useful life of more than one year and a unit cost of more than \$500 are capitalized.

**Adjustments**

The adjustment column reconciles the governmental funds to the government-wide presentation.

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

Total Governmental Fund Balance		\$	15,155
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
Capital Asset Cost	\$	93,125	
Less Accumulated Depreciation		<u>(65,583)</u>	<u>27,542</u>
Total Net Assets of Governmental Activities		\$	<u><u>42,697</u></u>

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Adjustments (Continued)**

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

Net Changes in Fund Balance	\$ 8,813
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Depreciation Expense	<u>(16,133)</u>
Change in Net Assets	<u><u>\$ (7,320)</u></u>

**Tax Status**

The School is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization, which is not a private foundation.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Uninsured deposits are categorized by type of custodial credit risks: 1) uninsured or collateralized with securities held by the School or by its agent in the School's name; 2) collateralized with securities held by the pledging bank's trust department in the School's name; 3) uncollateralized, including any bank balance that is collateralized with

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

securities held by the pledging financial institution, or by its trust department or agent, but not in the School's name.

At June 30, 2011, the School had the following balances:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Hand	\$ 55	\$
Insured Deposits	95,194	99,778
 Total Cash and Cash Equivalents	 \$ 95,249	 \$ 99,778

At June 30, 2011, the School did not have any investments. In addition, the School does not have formal deposit or investment policies.

NOTE 3: CAPITAL ASSETS

Changes in the School's property and equipment for the year ended June 30, 2011 are as follows:

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2011</u>
<b>Governmental Activities</b>				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 93,125	\$	\$	\$ 93,125
Total Capital Assets	93,125			93,125
 Accumulated Depreciation:				
Furniture and Equipment	(49,450)	(16,133)		(65,583)
Total Accumulated Depreciation	(49,450)	(16,133)		(65,583)
Net Capital Assets	\$ 43,675	\$ (16,133)	\$	\$ 27,542

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 4: PENSION PLAN

**Defined Benefit Pension Plan**

*Plan Description.* The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee's Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish and amend benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy.* The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4, of the CRS, as amended. The contribution rate for members is 8.0% of covered salary for the fiscal year, and for the School, is 13.85% of covered salary through December 31, 2010 and 14.75% through June 30, 2011. For the years ending June 30, 2011, 2010, and 2009, the School's employer contributions to the SDTF were \$84,593, \$82,189, and \$76,778 respectively, equal to its required contribution for each year.

**Employee Retirement Plan – Post-employment Health Care Benefits**

*Plan Description.* The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit post-employment health care trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12, of the CRS, as amended, assigns the authority to establish and amend the HCTF benefit provision to the State Legislature.

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 4: PENSION PLAN (Continued)

**Employee Retirement Plan – Post-employment Health Care Benefits (Continued)**

PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy.* The School is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by state statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4, of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208, of the state statutes, as amended. The amount contributed to HUTF is included in the SDTF amounts above.

NOTE 5: OPERATING LEASES

The School has entered into an operating lease for its building. The lease requires monthly payments ranging from \$1,000 to \$3,000 per month. Total rent expense for the year ended June 30, 2011 was \$27,000. The final payment is due October 1, 2011. The future minimum lease payments are as follows:

Year Ended June 30,	
2012	\$ 8,321
Total	\$ 8,321

NOTE 6: CONCENTRATION OF RISK

The School is funded directly by the District on a per pupil count. For the fiscal year ending June 30, 2011, this funding accounts for approximately 89% of the School's revenues.

GLOBE CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2011

NOTE 7: RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters; or environmental liabilities due to the nature of its operations. The School maintains commercial insurance for these risks. Amounts settled did not exceed insurance coverage in the last three years.

NOTE 8: FUND EQUITY

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish emergency reserves. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. In compliance with the TABOR Amendment, 3% of fiscal 2011 expenditures of \$35,830 has been restricted.

NOTE 9: CONTINGENT LIABILITY

A claim has been filed against the School regarding a prior copier lease agreement. At this time, an estimate as to the liability the School will owe, if any, can not be determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

GLOBE CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2011

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Per Pupil Operating Revenue	\$ 1,128,472	\$ 1,075,897	\$ (52,575)
Mill Levy Override	61,944	58,467	(3,477)
Grant Income	4,588	3,756	(832)
Capital Construction Funding	8,400	7,286	(1,114)
Special Project Income	11,000	30,858	19,858
Student Activity Fees	18,610	24,773	6,163
Miscellaneous		2,132	2,132
Interest		3	3
Total Revenues	<u>1,233,014</u>	<u>1,203,172</u>	<u>(29,842)</u>
<b>EXPENDITURES</b>			
Salaries and Benefits	838,440	790,665	47,775
Building Rent and Repairs	46,330	75,049	(28,719)
Buyback Services	184,198	185,870	(1,672)
Materials and Supplies	58,650	52,663	5,987
Other Program Services	1,900	14,905	(13,005)
Special Projects		22,217	(22,217)
Utilities	33,600	4,427	29,173
Professional Services	37,404	33,167	4,237
Insurance	20,743	14,428	6,315
Miscellaneous	4,625	968	3,657
Total Expenditures	<u>1,225,890</u>	<u>1,194,359</u>	<u>31,531</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u><u>\$ 7,124</u></u>	<u>8,813</u>	<u><u>\$ 1,689</u></u>
<b>FUND BALANCE, Beginning of Year</b>		<u>6,342</u>	
<b>FUND BALANCE, End of Year</b>		<u><u>\$ 15,155</u></u>	

The basis of budgeting is the same as GAAP.  
This statement is presented on the GAAP basis.

See the independent auditors' report.