



Financial Statements  
June 30, 2014

# West Ridge Academy Charter School

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Ridge Academy Charter School  
Greeley, Colorado

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities and the general fund of West Ridge Academy Charter School, a component unit of Weld County School District 6, as of and for the year ended June 30, 2014, which collectively comprise West Ridge Academy Charter 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.

### **Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of West Ridge Academy Charter School as of June 30, 2014, 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.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 8 and budgetary comparison information on page 22 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 (GASB) who considers it to be an essential part of the 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.



Fort Collins, Colorado  
November 5, 2014

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
*An authorized charter school of Weld County School District 6*  
**Management's Discussion and Analysis**  
*For the Fiscal Year Ended June 30, 2014*

This section of the report provides readers with a narrative overview and analysis of the financial activities of West Ridge Academy Charter School for the year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the School's financial performance.

**FINANCIAL HIGHLIGHTS**

- West Ridge Academy Charter School' assets exceeded liabilities by \$159,647 at June 30, 2014.
- Total unrestricted cash was \$77,891 at June 30, 2014, which includes \$39,803 of cash which the Board has restricted for the TABOR reserve.
- Administrative changes that occurred during this fiscal year include a new Principal. There was also an update in accounting processes and a new position of office assistant was created.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains required other supplementary information.

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

The *statement of activities* presents the government's changes in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

The government-wide financial statements can be found on pages 9 – 10 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. West Ridge Academy Charter School, like other local governments, 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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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*.

West Ridge Academy Charter School maintains one individual governmental fund, the General Fund, which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 21 of this report.

**Budgetary Comparisons.** West Ridge Academy Charter School adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on page 21 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

**Table A-1**  
**Condensed Statement of Net Position**

	2014	2013
Assets:		
Current assets	\$ 79,837	\$ 172,444
Noncurrent assets	139,025	139,157
Total assets	<u>218,862</u>	<u>311,601</u>
Liabilities:		
Current liabilities	59,215	38,699
Noncurrent liabilities	-	61,050
Total liabilities	<u>59,215</u>	<u>99,749</u>
Net position:		
Invested in capital assets, net of related debt	139,025	72,461
Restricted	39,803	35,540
Unrestricted	(19,181)	103,851
Total net position	<u>\$ 159,647</u>	<u>\$ 211,852</u>

The school has \$39,803 of net position that is restricted to comply with the Taxpayer's Bill of Rights (TABOR) requirements.

**Table A-2**  
**Condensed Statement of Revenues,**  
**Expenses, and Changes in Net Assets**

	<b>2014</b>	<b>2013</b>
Program revenues:		
Charges for services	\$ 9,110	\$ 11,635
Operating grants and contributions	36,318	20,124
Capital grants and contributions	16,912	17,788
General revenues:		
Per pupil funding	1,145,660	1,273,991
Other income	7	4,886
Total revenues	1,208,007	1,328,424
Expenses:		
Instruction	878,462	556,045
Support services	375,044	546,088
Interest expense	6,706	15,712
Total expenses	1,260,212	1,117,845
Change in net position	(52,205)	210,579
Net position - beginning	211,852	1,273
Net position - ending	\$ 159,647	\$ 211,852

**FINANCIAL ANALYSIS OF THE SCHOOL'S GENERAL FUND**

The General Fund ended the year with a fund balance of \$20,622. Though the school was in its third year of operation, it was a year of transition. In September 2013, the founder and principal of the school resigned and an interim principal was hired through April. A permanent principal was hired beginning in May 2014. During this transition many difficulties were overcome and even though the school incurred a deficit, the year ended on a very positive note with all indicators showing that this transition is bringing the school to a stronger level financially and academically.

The operating deficit resulted from the amount of expected Per Pupil Revenue funding coming in short of what was originally budgeted due to an unexpected drop in students during the transition. The budget deficit was unfortunate but due to strategic planning by the Board, West Ridge Academy ultimately ended up in a better financial position than anticipated during this time of transition.



The School also received \$17,000 from a Capital Construction Grant which was used to pay the lease on the new modular classrooms.

The School also continues to fundraise primarily through reloadable gift cards for certain grocery stores.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The School's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

Expenditures were over budget due to a lower student FTE (full-time equivalent) count than projected, the decision to pay off the remaining balance on the modular unit, and the need to outfit and update the computer lab to meet the requirements for state assessments.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets.* West Ridge Academy Charter School's investment in capital assets for its governmental type activities as of June 30, 2014 totals \$139,025 (net of accumulated depreciation). This investment includes equipment and computer/software.

The School utilizes the straight-line depreciation method under GASB 34 for its capital assets. Depreciation is recognized when the asset is placed into service.

Additional information on the School's capital assets can be found in NOTE 3 of this report.

### **FUTURE OPERATIONS**

After a year of transition at West Ridge Academy, the Board is confident that the previous challenges have been met and addressed. In January 2014 the School District 6 Board of Education voted unanimously to renew our charter contract in light of the positive changes we implemented and continue to implement. The new leadership and vision is taking the school forward to a stable and high-functioning platform. The school is now under the leadership of Principal Russ Spicer as of May 2014. Mr. Spicer brings a wealth of experience and expertise to the school. He has over 18 years of administrative experience with 15 years acting as Headmaster of one of the top performing schools in the state of Colorado – Liberty Common School. Since his arrival, Principal Spicer has instilled a culture of excellence with the students, faculty, staff and parents and is looking to make West Ridge Academy one of the top performing classical schools in the state of Colorado.

Positive results are already evident due to these changes. Enrollment is up from last year increasing from 172 FTE to 213 FTE. This increase of 41 students (20%), coupled with better financial management, academic vision, and strategy, will leave the school with a stronger fund balance at the end of the 2014-2015 school year.

The excitement and engagement of the staff and students is evident as the transition is stabilizing and reflected in the assessments and atmosphere of the school. The students now have an updated, rigorous curriculum that is already reaping benefits on their overall performance on diagnostic assessments in reading, math, and language arts. Last year the math curriculum was changed and the student growth in academic performance on the state assessment was some of the best in the state. The Core Knowledge curriculum was adopted this year and a new language arts curriculum (Core Knowledge Language Arts) was adopted as well. Latin will be the foreign language offered. Character education is an important component of the school. Not only is the school providing a quality academic education, but the students are learning positive “Pillars of Virtue” as well.

As West Ridge Academy continues to strive for excellence, the Administration will continue to look for incorporating best practices, managing strategic vision, and putting the school in a strong financial and academic position.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of West Ridge Academy Charter School finances for all those with an interest in the Schools’ finances. Questions concerning any of the information provided should be addressed to West Ridge Academy Charter School, 6200 West 20<sup>th</sup> Street, Greeley, Colorado 80634.

**WEST RIDGE ACADEMY**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

Assets:	
Cash	\$ 77,891
Prepaid expenses	1,946
Capital assets, net of accumulated depreciation	<u>139,025</u>
 Total assets	 <u>218,862</u>
Liabilities:	
Accounts Payable	9,389
Accrued expenses and other liabilities	18,266
Related party payable	19,110
Student fees paid in advance	<u>12,450</u>
 Total liabilities	 <u>59,215</u>
Net Position:	
Invested in capital assets, net of related debt	139,025
Restricted for TABOR reserve	39,803
Unrestricted	<u>(19,181)</u>
 Total net position	 <u><u>\$ 159,647</u></u>

See accompanying notes to financial statements

**WEST RIDGE ACADEMY**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2014

	<b>Program Revenues</b>				
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue &amp; Changes in Net Position</b>	
<b>Governmental Activities</b>					
Instruction	\$ 878,462	\$ 9,110	\$ 36,318	\$ (833,034)	
Support services	375,044	-	-	(358,132)	
Interest expense	6,706	-	-	(6,706)	
	<u>\$ 1,260,212</u>	<u>\$ 9,110</u>	<u>\$ 36,318</u>	<u>\$ 16,912</u>	
Total school activities	<u>\$ 1,260,212</u>	<u>\$ 9,110</u>	<u>\$ 36,318</u>	<u>\$ 16,912</u>	
General revenues:					
Per pupil funding				1,145,660	
Other income				7	
				<u>1,145,667</u>	
Total general revenues				<u>1,145,667</u>	
Change in net position				(52,205)	
Net position - beginning of year				<u>211,852</u>	
Net position - end of year				<u>\$ 159,647</u>	

See accompanying notes to financial statements

**WEST RIDGE ACADEMY**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**June 30, 2014**

	<b>General Fund</b>
<b>Assets:</b>	
Cash	\$ 77,891
Prepaid expenses	<u>1,946</u>
Total assets	<u><u>\$ 79,837</u></u>
<b>Liabilities:</b>	
Accounts Payable	\$ 9,389
Accrued expenses and other liabilities	18,266
Related party payable	19,110
Student fees paid in advance	<u>12,450</u>
Total liabilities	<u>59,215</u>
<b>Fund balance:</b>	
Reserved for:	
Nonspendable fund balance	1,946
Restricted fund balance	39,803
Unassigned fund deficit	<u>(21,127)</u>
Total fund balance	<u>20,622</u>
Total liabilities and fund balance	<u><u>\$ 79,837</u></u>

See accompanying notes to financial statements

**WEST RIDGE ACADEMY**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2014**

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

Total fund balance - governmental fund	\$ 20,622
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The cost of the assets is \$173,783 and the accumulated depreciation is \$34,758.

<u>139,025</u>
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Total net position	<u><u>\$ 159,647</u></u>
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See accompanying notes to financial statements

**WEST RIDGE ACADEMY**  
**STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**  
**For the year ended June 30, 2014**

	<b>General Fund</b>
Revenue:	
State sources	\$ 1,162,572
Local sources	36,325
Student fees	<u>9,110</u>
Total revenue	<u>1,208,007</u>
Expenditures:	
Current:	
Instruction	878,462
Supporting services	355,121
Debt service	67,755
Capital outlay	<u>25,438</u>
Total expenditures	<u>1,326,776</u>
Net change in fund balance	(118,769)
Fund balance - beginning	<u>139,391</u>
Fund balance - ending	<u><u>\$ 20,622</u></u>

See accompanying notes to financial statements

**WEST RIDGE ACADEMY**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2014**

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

Net change in fund balance - governmental fund	\$ (118,769)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	5,515
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The issuance of long-term obligations (e.g., notes, leases, compensated balances) provides current financial resources to governmental funds while the repayment of the obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the repayment of these obligations.	<u>61,049</u>
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Change in net position	<u><u>\$ (52,205)</u></u>
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**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**Reporting Entity**

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

The School began operations as an incorporated school in 2011. The School has been granted 501(c)(3) status by the Internal Revenue Service. The School operates under a charter granted by the Weld County School District 6 (the District) Board of Education. This charter is effective from July 1, 2011 through June 30, 2014. The School applied for a charter renewal from the District during the year. The School’s charter was approved through July 1, 2018. The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2013), there were 178.2 FTE students enrolled. The PPR rate for the fiscal year ended June 30, 2014, was approximately \$6,300.

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

The accounting policies of West Ridge Academy (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School’s significant accounting policies:

**Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. *Measurable* means that the amount of the transaction can be determined. *Available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

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

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

The School has only one fund. The General Fund is the School's primary operating fund and accounts for all financial resources of the School.

**Use of Estimates in the Preparation of Financial Statements**

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

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets, except for land, are depreciated. Depreciation on all assets is provided using the straight-line method over the following estimated useful lives:

Equipment	10 years
Computers and software	5 years

**Net Position/Fund Balance**

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

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

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

Restricted fund balances in the School's general fund indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's fund balance are described in NOTE 8.

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

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager.

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Recent Accounting Pronouncements**

The Government Accounting Standards Board (GASB) has issued statement 68, *Accounting and Financial Reporting for Pensions* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The School provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program, the Public Employees Retirement Association of Colorado (PERA), as further discussed in NOTE 7.

Statement 68 requires employers participating in the PERA program to record their proportionate share of PERA's unfunded pension liability. The School has no legal obligation to fund this shortfall nor does it have any ability to affect funding benefits, investment, or annual contribution decisions made by PERA. The requirements of GASB 68 will have a negative impact on the net assets of the School after the provisions of the statement are implemented. Statement 68 is effective for fiscal years beginning after December 15, 2014. At this time, the School is unable to estimate the magnitude of the impact of this statement. Information regarding PERA's unfunded obligations can be obtained from the PERA website or its Comprehensive Annual Financial Report.

**Income Taxes**

The School is a nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**NOTE 2 – CASH**

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to one hundred and two percent of the uninsured deposits. At June 30, 2014, the School's carrying amount of deposits was \$77,891 and the bank balance was \$83,631.

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Modular building and improvements	\$ 148,345	\$ -	\$ -	\$ 148,345
Equipment	-	25,438	-	25,438
	<u>148,345</u>	<u>25,438</u>	<u>-</u>	<u>173,783</u>
Total capital assets, being depreciated				
	148,345	25,438	-	173,783
Less accumulated depreciation:				
Modular building and improvements	(14,835)	(14,835)	-	(29,670)
Equipment	-	(5,088)	-	(5,088)
Total accumulated depreciation	<u>(14,835)</u>	<u>(19,923)</u>	<u>-</u>	<u>(34,758)</u>
Capital assets, net	<u>\$ 133,510</u>	<u>\$ 5,515</u>	<u>\$ -</u>	<u>\$ 139,025</u>

Depreciation expense of \$19,923 was charged to support activities for the year ended June 30, 2014.

**NOTE 4 – CAPITAL LEASE OBLIGATIONS**

The School acquired a modular classroom under lease terms that are consistent with rights of ownership. The amortized cost of the asset acquired under capital lease obligations of \$90,475 is included as capital assets, net of accumulated depreciation in the accompanying statement of net position. The School paid the remaining balance of the lease of \$61,049 during the year ended June 30, 2014 and purchased the modular for \$1.

**NOTE 5 – OPERATING LEASES**

The School entered into a three year lease for a building beginning July 2011. The lease requires rent of \$10,000 per month over the term of the lease. Rental expense for the lease was \$120,000 for the year-ended June 30, 2014. The lease commitment has not been renewed, the School will pay \$10,000 per month through June 30, 2015.

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**Property Transactions**

The former Principal of the School is a partner in West Twentieth LLLP. The School leases its building under terms of an operating lease agreement (NOTE 5) from West Twentieth LLLP.

**Borrowing Transactions**

The School received approximately \$67,000 of funding from the former Principal of the School to pay for certain start-up costs. The School is reimbursing these costs; a remaining balance of approximately \$19,000 is outstanding as of June 30, 2014. The outstanding balance is included in the financial statements as a related party payable.

**NOTE 7 – RETIREMENT PLAN**

**Public Employees' Retirement Plan Association (PERA)**

The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. The SDTF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan members and the School are required to contribute at a rate set by statute.

The contribution requirements of plan members are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. The contribution rate for the School for the calendar years 2014, 2013, and 2012 was 17.45%, 16.55%, and 15.65%, respectively. The School's contribution rate will increase to 20.15% by 2018. The School's contribution for the years ended June 30, 2014, 2013, and 2012 was approximately \$86,500, \$92,500, and \$74,500, respectively.

PERA issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, 1300 Logan, Denver, Colorado 80203 or by calling (800) 759-7372.

**WEST RIDGE ACADEMY CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 8 – RESTRICTION OF NET POSITION**

At the general election held November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending, and restricts property, income and other taxes. In addition, the amendment requires the state and local governments to obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligations without adequate cash reserve pledged irrevocably and held for payments in all future fiscal years. In November 1998, voter's approval was given to Weld County School District 6 to remove the restriction on growth in revenue, eliminating the restriction of revenues on the School. TABOR also requires local governments, including charter schools, to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, and salary or fringe benefit increases. These reserves are required to be 3% or more after 1994. At June 30, 2014, the School is in compliance with this requirement.



Required Supplementary Information  
June 30, 2014

# West Ridge Academy Charter School



**WEST RIDGE ACADEMY**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the year ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variances - Over (Under)</u>
Revenue:				
State sources	\$ 1,045,885	\$ 1,162,889	\$ 1,162,572	\$ (317)
Local sources	27,101	15,800	36,325	20,525
Student fees	10,965	-	9,110	9,110
Total revenue	<u>1,083,951</u>	<u>1,178,689</u>	<u>1,208,007</u>	<u>29,318</u>
Expenditures:				
Current:				
Instruction	706,600	741,700	878,462	136,762
Supporting services	341,473	561,875	355,121	(206,754)
Debt service	-	-	67,755	67,755
Capital outlay	-	-	25,438	25,438
Total expenditures	<u>1,048,073</u>	<u>1,303,575</u>	<u>1,326,776</u>	<u>23,201</u>
(Spending) in excess of revenue	35,787	(124,886)	(118,769)	6,117
Reserves	-	124,886	-	(124,886)
Net change in fund balance	35,878	(124,886)	(118,769)	6,117
Fund balance - beginning	<u>139,391</u>	<u>139,391</u>	<u>139,391</u>	<u>-</u>
Fund balance - ending	<u>\$ 175,269</u>	<u>\$ 14,505</u>	<u>\$ 20,622</u>	<u>\$ 6,117</u>

**WEST RIDGE ACADEMY CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

The School conducts all necessary budgeting procedures maintaining a budget for the general fund.

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

- a) A budget for the general fund is required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to obtain parents and other members of the public comment and recommendations.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year which may include beginning fund balances and reserves as established by the Board of Directors. The School may be in violation of Colorado Revised Statutes due to over expenditure of budgeted appropriations in the general fund. The School budgeted spending in excess of revenue which may be in violation of Colorado Revised Statutes. The School's process over the manner in which it amended and determined its final budget may be in violation of Colorado Revised Statutes.
- f) The budget for the general fund is adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's Board of Directors on June 30, 2014.
- h) All appropriations lapse at the end of each fiscal year.