

**CIVA CHARTER HIGH SCHOOL
BASIC FINANCIAL STATEMENTS**

June 30, 2011

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i -v
Basic Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet – All Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to the Financial Statements	6 - 13
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	14



**JOHN CUTLER
& ASSOCIATES**

Board of Directors
CIVA Charter High School
Colorado Springs, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of CIVA Charter High School, component unit of Colorado Springs School District 11, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the School, as listed in the table of contents. These financial statements are the responsibility of CIVA Charter High 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 above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of CIVA Charter High 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 and required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

John Cutler & Associates, LLC

August 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

As management of CIVA Charter High 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 \$387,267 (net assets).

During the fiscal year the School's revenues increased to \$1.12 million, and expenses decreased to \$1.10 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts: 1) Management's Discussion and Analysis, 2) Basic 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 district-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 School-wide financial statements. However, unlike the district-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 asset 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 Asset

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 398,638	\$ 387,547	\$ 11,091	2.9%
Capital Assets	<u>46,798</u>	<u>50,264</u>	<u>(3,466)</u>	<u>6.9%</u>
Total Assets	<u>445,436</u>	<u>437,811</u>	<u>7,625</u>	<u>1.7%</u>
Current Liabilities	58,169	62,250	(4,081)	(6.6%)
L-T Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>0%</u>
Total Liabilities	<u>58,169</u>	<u>62,250</u>	<u>(4,081)</u>	<u>(6.6%)</u>
Invested in Assets	46,798	50,264	(3,466)	6.9%
Unrestricted Funds	306,469	291,297	15,172	5.2%
Restricted Funds	<u>34,000</u>	<u>34,000</u>	<u>-0-</u>	<u>0%</u>
Total Net Assets	<u>\$ 387,267</u>	<u>\$ 375,561</u>	<u>\$ 11,706</u>	<u>3.1%</u>

As can be seen from the chart above, net assets increased \$11,706 to \$387,267 in FY2011, up from \$375,561 in FY2010.

While the Statement of Net Assets shows 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 will be expended on activities in FY 2011. The financial position has improved due to better budget controls and Capital Construction monies that were not expected but were received. This helped cash flow, as well as helping to put a down payment on a building to purchase. This will provide stability and greater resources to help the school grow and prosper.

Condensed Statements of Activities and Changes in Net Assets

	2011	2010	\$ Change	% Change
General Revenue				
Per Pupil Op Revenue	\$ 998,127	\$ 1,049,533	\$ (51,426)	(4.9%)
Program Revenue	119,513	75,525	43,988	58.2%
Grants/Other Revenue	873	3,421	(2,548)	(74.5%)
Total Revenues	1,118,513	1,128,499	(9,986)	(0.9%)
Instructional Expenses	603,923	664,946	(61,023)	(9.2%)
Administrative Expenses	502,884	548,169	(45,285)	(16.5%)
Total Expenses	1,106,807	1,213,115	(106,308)	(12.7%)
Change in Net Assets	11,706	(84,616)	96,322	113.8%
Beginning Net Assets	375,561	460,177	(84,616)	(18.4%)
Ending Net Assets	\$ 387,267	\$ 375,561	\$ 11,706	3.1%

BUDGETARY HIGHLIGHTS

The School developed its budget for FY2011 in May and June 2010. Per there budget vs. actual for the FY2011 expenditures were under budget by \$26,459.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Assets with a useful life of more than one year and a unit cost of greater than \$5,000 are capitalized. Assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to 40 years. The school has no debt or capital assets.

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 155 FTE students.

The School's Board of Directors and administration considered many factors when setting the FYE 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 CIVA 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 principal at CIVA Charter High School, 4635 Northpark Drive, Colorado Springs, CO 80918.

BASIC FINANCIAL STATEMENTS

CIVA CHARTER HIGH SCHOOL

STATEMENT OF NET ASSETS

As of June 30, 2011

	Governmental Activities	
	2011	2010
ASSETS		
Cash	\$ 398,638	\$ 387,547
Capital Assets, Depreciated, Net of Accumulated Depreciation	46,798	50,264
TOTAL ASSETS	<u>445,436</u>	<u>437,811</u>
LIABILITIES		
Accounts Payable	5,202	8,795
Accrued Expenses	15,484	15,973
Accrued Salaries and Benefits	37,483	37,482
TOTAL LIABILITIES	<u>58,169</u>	<u>62,250</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	46,798	50,264
Restricted for Emergencies	34,000	34,000
Unrestricted	306,469	291,297
TOTAL NET ASSETS	<u>\$ 387,267</u>	<u>\$ 375,561</u>

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

CIVA CHARTER HIGH SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2011	2010
PRIMARY GOVERNMENT						
Governmental Activities						
Instructional	\$ 603,923	\$ 61,091	\$ 52,028	\$ -	\$ (490,804)	\$ (596,351)
Supporting Services	502,884	-	-	6,394	(496,490)	(541,239)
Total Governmental Activities	<u>\$ 1,106,807</u>	<u>\$ 61,091</u>	<u>\$ 52,028</u>	<u>\$ 6,394</u>	(987,294)	(1,137,590)
GENERAL REVENUES						
					946,075	984,601
					52,052	64,952
					873	1,334
					-	2,087
					<u>999,000</u>	<u>1,052,974</u>
					11,706	(84,616)
					<u>375,561</u>	<u>460,177</u>
					<u>\$ 387,267</u>	<u>\$ 375,561</u>

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

CIVA CHARTER HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 398,638	\$ 387,547
TOTAL ASSETS	<u>\$ 398,638</u>	<u>\$ 387,547</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 5,202	\$ 8,795
Accrued Expenses	15,484	15,973
Accrued Salaries and Benefits	<u>37,483</u>	<u>37,482</u>
TOTAL LIABILITIES	<u>58,169</u>	<u>62,250</u>
FUND BALANCES		
Restricted for Emergencies	34,000	34,000
Unassigned	<u>306,469</u>	<u>291,297</u>
TOTAL FUND BALANCES	<u>340,469</u>	<u>325,297</u>
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>46,798</u>	<u>50,264</u>
Net assets of governmental activities	<u>\$ 387,267</u>	<u>\$ 375,561</u>

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

CIVA CHARTER HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>2011</u>	<u>2010</u>
REVENUES		
Local Sources	\$ 1,060,091	\$ 1,117,501
State and Federal Sources	58,422	10,998
	<u>1,118,513</u>	<u>1,128,499</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
Instruction	603,923	664,946
Supporting Services	499,418	598,433
	<u>1,103,341</u>	<u>1,263,379</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,172</u>	<u>(134,880)</u>
NET CHANGE IN FUND BALANCES	15,172	(134,880)
FUND BALANCES, Beginning	<u>325,297</u>	<u>460,177</u>
FUND BALANCES, Ending	<u><u>\$ 340,469</u></u>	<u><u>\$ 325,297</u></u>

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

CIVA CHARTER HIGH SCHOOL

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ 15,172
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of current period depreciation expense.	<u>(3,466)</u>
Change in net assets of governmental activities	<u>\$ 11,706</u>

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

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CIVA Charter High School (the “School”) was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school with Colorado Springs School District No. 11.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, no additional organizations are includable in the School’s reporting entity. However, it is a component unit of the Colorado Springs School District No. 11.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

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

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues and grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

The School reports the following major governmental fund:

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

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements, 15 years.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2011.
- 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.

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School purchases commercial insurance for these risks of loss.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July1. The budget is adopted by the Board prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2011, State regulatory commissioners have indicated that the majority of the financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2011, the School had deposits with financial institutions with a carrying amount of \$398,638. The bank balances with the financial institutions were \$408,877. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

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

Credit Risk

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

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

The School had no investments as of June 30, 2011.

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2011 is summarized below.

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Governmental Activities				
Capital Assets, Depreciated				
Building Improvements	\$ 51,997	\$ -	\$ -	\$ 51,997
Total Capital Assets, Depreciated	51,997	-	-	51,997
Accumulated Depreciation				
Building Improvements	1,733	3,466	-	5,199
Total Accumulated Depreciation	1,733	3,466	-	5,199
Net Capital Assets	\$ 50,264	\$ 3,466	\$ -	\$ 46,798

Depreciation has been charged to supporting services program of the School.

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2011, were \$37,483 in the General Fund.

NOTE 6: 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 Employees' 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 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 or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 6: *DEFINED BENEFIT PENSION PLAN* (Continued)

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 % and for the School it is 10.15 % of covered salary. A portion of the School's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 7). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. The School is also required to pay an amortization equalization disbursement equal to 4.6% of the total payroll for the calendar year 2011, (3.7% of total payroll for the calendar year 2010). For the years ending June 30, 2009, 2010, and 2011, the School's employer contributions for the SDTF were \$62,622, \$73,830 and \$78,762, respectively, equal to their required contributions for each year.

NOTE 7: *POSTEMPLOYMENT HEALTHCARE BENEFITS*

Plan Description. The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post employment healthcare plan 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 the HCTF benefit provisions to the State Legislature. 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 or by writing to Colorado PERA, 1300 Logan 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 salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the year ending June 30, 2009, 2010, and 2011 the School's employer contributions to the HCTF was \$5,111, \$5,617, and \$5,542, respectively, equal to their required contribution for the years.

CIVA CHARTER HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 8: COMMITMENTS AND CONTINGENCIES

Building Agreement

The District issued bonds in November of 2005 for various capital projects. The School was able to obtain its current building and most improvements as part of this bond issue. On September 15, 2006, the District purchased the building for the School and because CIVA is not required to pay into the District's Major Capital Reinvestment fund, CIVA is responsible for the building and land improvements. The building and most improvements belong to the District.

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2011, the reserve of \$34,000 was recorded as a reservation of fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CIVA CHARTER HIGH SCHOOL

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	2011 ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 1,011,104	\$ 952,221	\$ 946,075	\$ (6,146)	\$ 984,601
Mill Levy Override	58,388	55,275	52,052	(3,223)	64,952
Tuition and Fees	63,050	61,915	61,091	(824)	64,527
Interest	4,000	4,000	873	(3,127)	1,334
Other			-	-	2,087
State and Federal Sources					
Grants and Donations	7,000	21,894	58,422	36,528	10,998
TOTAL REVENUES	1,143,542	1,095,305	1,118,513	23,208	1,128,499
EXPENDITURES					
Instruction					
Salaries	378,815	425,459	403,546	21,913	394,523
Employee Benefits	104,438	123,012	118,751	4,261	117,388
Purchased Services	127,753	57,301	54,707	2,594	115,100
Supplies and Materials	27,300	27,300	26,919	381	37,935
Total Instruction	638,306	633,072	603,923	29,149	664,946
Supporting Services					
School Administration					
Salaries	123,289	135,418	138,055	(2,637)	154,964
Employee Benefits	28,331	30,049	21,737	8,312	21,169
Purchased Services	171,980	182,900	196,860	(13,960)	224,738
Supplies and Materials	48,200	47,200	69,762	(22,562)	57,388
Property	15,000	15,000	15,105	(105)	78,664
Other	78,835	86,161	57,899	28,262	61,510
Total Supporting Services	465,635	496,728	499,418	(2,690)	598,433
TOTAL EXPENDITURES	1,103,941	1,129,800	1,103,341	26,459	1,263,379
NET CHANGE IN FUND BALANCE	39,601	(34,495)	15,172	49,667	(134,880)
FUND BALANCE, Beginning	375,561	375,561	325,297	(50,264)	460,177
FUND BALANCE, Ending	\$ 415,162	\$ 341,066	\$ 340,469	\$ (597)	\$ 325,297

See the accompanying independent auditors' report.