

Report
On The Audit Of

CARBON VALLEY ACADEMY
Frederick, Colorado

June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

August 15, 2007

Board Members
Carbon Valley Academy
Frederick, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon Valley Academy as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Carbon Valley Academy'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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon Valley Academy as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 3 through 8 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carbon Valley Academy basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and complying with the Colorado Department of Education reporting requirements as described in the *Financial Policies and Procedures Handbook* and is not a required part of the basic financial statements. Such information is presented in accordance with the requirements of the Colorado Department of Education and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Watkins & Schommer, Inc.
Certified Public Accountants

FINANCIAL STATEMENTS

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CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Net Assets
June 30, 2007

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents	1,289,264
Restricted Investments	367,991
Receivables	19,703
Other Current Assets	2,162
Deferred Charges	125,318
Capital Assets (Net of Accumulated Depreciation)	
Land	1,062,443
Land Improvements	155,910
Building	2,985,832
Leasehold Improvements	291,552
Furniture and Equipment	175,522
	<hr/>
<u>Total Assets</u>	<u>6,475,697</u>
<u>LIABILITIES</u>	
Accounts Payable	85,607
Accrued Salaries and Benefits	72,967
Accrued Interest Payable	24,867
Due to Pooled Cash	11,698
Noncurrent Liability:	
Due Within One Year	70,000
Due In More Than One Year	5,235,000
	<hr/>
<u>Total Liabilities</u>	<u>5,500,139</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	(646,702)
Restricted for:	
Emergencies	68,342
Instructional Supplies and Materials	28,855
Other Purposes	121,422
Unrestricted	1,403,641
	<hr/>
<u>Total Net Assets</u>	<u>975,558</u>

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

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Activities
Year Ended June 30, 2007

Governmental Activities	Expenses	Program Revenue		
		Charges for Service	Operating Grants and Contributions	Capital Contributions
Instruction	1,186,718	113,180	97,961	-
Support Services				
Pupil/Instruction	142,467	-	121,262	-
General Administration	6,073	-	-	-
School Administration	259,143	-	-	-
Business Services	67,534	-	-	-
Maintenance/Operation	644,839	330,118	-	66,587
Central Supporting Services	46,637	-	-	-
Other Supporting Services	4,583	-	-	-
Food Service Operations	33,960	-	-	-
Interest on Long-Term Debt	166,188	-	-	-
Depreciation - unallocated	47,275	-	-	-
Amortization	2,124	-	-	-
<u>Total Government Activities</u>	<u>2,607,541</u>	<u>443,298</u>	<u>219,223</u>	<u>66,587</u>

General Revenues
Transfer from St. Vrain
School District
Miscellaneous
Interest Income

Total General Revenues and Transfers

Changes in Net Assets

Special Item

Net Assets - Beginning

Net Assets - Ending

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

Exhibit 2

Net (Expenses) Revenues
and Changes in Net Assets

Governmental
Activities

(975,577)

(21,205)
(6,073)
(259,143)
(67,534)
(248,134)
(46,637)
(4,583)
(33,960)
(166,188)
(47,275)
(2,124)

(1,878,433)

2,070,425
294,288
34,489

2,399,202

520,769

27,535

427,254

975,558

CARBON VALLEY ACADEMY
Frederick, Colorado
Balance Sheet
Governmental Funds
June 30, 2007

<u>ASSETS</u>	<u>General</u>
Cash and Cash Equivalents	506,349
Receivables	<u>2,741</u>
<u>Total Assets</u>	<u>509,090</u>
 <u>LIABILITIES AND FUND BALANCES</u> 	
<u>Liabilities</u>	
Accounts Payable	18,231
Accrued Salaries and Benefits	67,893
Due to Pooled Cash	<u>-</u>
<u>Total Liabilities</u>	<u>86,124</u>
<u>Fund Balances</u>	
Reserved for Emergencies	68,342
Reserved for Supplies and Materials	28,855
Reserved for Preschool	-
Reserved for Capital Projects	-
Unreserved, Reported in:	
Designated for General Fund	325,769
Designated for Special Revenue Fund	<u>-</u>
<u>Total Fund Balances</u>	<u>422,966</u>
<u>Total Liabilities and Fund Balances</u>	<u>509,090</u>

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

Exhibit 3

CARBON VALLEY ACADEMY
Frederick, Colorado
Reconciliation of the Governmental Funds
Balance Sheet With the Statement of Net Assets
June 30, 2007

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
152,889	659,238	Amounts reported for governmental activities in the statement of net assets are different because:	
16,962	19,703		
<u>169,851</u>	<u>678,941</u>	Total Fund Balance - Governmental Funds	558,804
		Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
17,241	35,472	The cost of capital assets is	302,143
5,074	72,967	Accumulated depreciation is	<u>(10,591)</u>
<u>11,698</u>	<u>11,698</u>		291,552
		Net Assets of Internal Service Fund	<u>125,202</u>
<u>34,013</u>	<u>120,137</u>	<u>Total Net Assets - Governmental Activities</u>	<u>975,558</u>
-	68,342		
-	28,855		
115,989	115,989		
5,433	5,433		
-	325,769		
<u>14,416</u>	<u>14,416</u>		
<u>135,838</u>	<u>558,804</u>		
<u>169,851</u>	<u>678,941</u>		

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2007

	<u>General</u>
<u>Revenues</u>	
Intergovernmental	2,070,425
Other	59,679
Food Service Revenue	43,161
	<u>2,173,265</u>
<u>Total Revenues</u>	<u>2,173,265</u>
<u>Expenditures</u>	
Current	
Instruction	964,874
Pupil/Instructional Supporting Services	15,651
General Administration	6,073
School Administration	259,143
Business Services	67,534
Maintenance/Operations	510,814
Central Supporting Services	46,637
Other Supporting Services	846
Food Service Operations	33,960
Debt Services	
Principal	33,807
Interest	9,043
Capital Outlay	71,689
	<u>2,020,071</u>
<u>Total Expenditures</u>	<u>2,020,071</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	153,194
<u>Other Financing Sources (Uses)</u>	
Transfer In (Out)	(73,202)
	<u>79,992</u>
<u>Net Change in Fund Balances</u>	<u>79,992</u>
<u>Special Item</u>	-
<u>Fund Balances at Beginning of Period</u>	<u>342,974</u>
<u>Fund Balances at End of Period</u>	<u><u>422,966</u></u>

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

Exhibit 4

CARBON VALLEY ACADEMY
Frederick, Colorado
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
with the Government-wide Statement of Activities
Year Ended June 30, 2007

<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>	Amounts reported for governmental activities in the statement of activities are different because:	
285,810	2,356,235	Net change in fund balance - governmental	
339,117	398,796	funds.	84,243
-	43,161		
624,927	2,798,192		
221,844	1,186,718	Capital outlays to purchase or build capital	
126,816	142,467	assets are reported in governmental funds as	
-	6,073	expenditures. However, for governmental	
-	259,143	activities those costs are shown in the Statement	
-	67,534	of Net Assets and allocated over their estimated	
134,025	644,839	useful lives as annual depreciation expense in	
-	46,637	by which capital outlay exceeds depreciation in	
-	846	the period	
-	33,960		
183,236	217,043	Depreciation Expenses	(6,541)
-	9,043	Capital Outlay	<u>99,646</u>
-	99,646		93,105
27,957	99,646	Repayment of note principal is an expenditure in the	
693,878	2,713,949	governmental funds, but it reduces long-term liabilities	
		in the Statement of Net Assets and does not affect the	
		Statement of Activities.	217,042
		Decrease in accrued interest payable reflected as an	
		expense in the governmental funds and a reduction in	
		the liability on the Statement of Net Assets	1,176
(68,951)	84,243	Change in Net Assets on Internal Service Fund	<u>125,202</u>
		Change in net assets of Governmental Activities	<u>520,768</u>
73,202	-		
4,251	84,243		
27,535	27,535		
104,052	447,026		
135,838	558,804		

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2007

	<u>General Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	1,876,200	2,187,500	2,070,425	(117,075)
Other	173,800	62,500	59,679	(2,821)
Food Service Revenue	50,000	50,000	43,161	(6,839)
<u>Total Revenues</u>	<u>2,100,000</u>	<u>2,300,000</u>	<u>2,173,265</u>	<u>(126,735)</u>
<u>Expenditures</u>				
Current				
Instruction	947,618	1,047,618	964,874	82,744
Pupil/Instructional Supporting Services	56,713	56,713	15,651	41,062
General Administration	35,697	35,697	6,073	29,624
School Administration	214,964	214,964	259,143	(44,179)
Business Services	117,900	117,900	67,534	50,366
Maintenance/Operations	466,631	466,631	510,814	(44,183)
Central Supporting Services	30,980	30,980	46,637	(15,657)
Other Supporting Services	-	-	846	(846)
Food Service Operations	33,500	33,500	33,960	(460)
Debt Service				
Principal	33,807	33,807	33,807	-
Interest	9,043	9,043	9,043	-
Capital Outlay	-	-	71,689	(71,689)
Reserves/Contingencies	88,147	188,147	-	188,147
<u>Total Expenditures</u>	<u>2,035,000</u>	<u>2,235,000</u>	<u>2,020,071</u>	<u>214,929</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>65,000</u>	<u>65,000</u>	<u>153,194</u>	<u>88,194</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(90,000)	(90,000)	(73,202)	16,798
<u>Net Change in Fund Balances</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>79,992</u>	<u>104,992</u>
<u>Fund Balances at Beginning of Period</u>	<u>342,974</u>	<u>342,974</u>	<u>342,974</u>	<u>-</u>
<u>Fund Balances at End of Period</u>	<u>317,974</u>	<u>317,974</u>	<u>422,966</u>	<u>104,992</u>

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

Exhibit 5

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Net Assets
Governmental Activities - Internal Service Fund
June 30, 2007

ASSETS

<u>Current Assets</u>	
Cash and Cash Equivalents	630,026
Restricted Investments	367,991
Prepaid Items	2,162
	<u>1,000,179</u>
<u>Noncurrent Assets</u>	
Other Assets - Bond Issuance Costs	125,318
Capital Assets, Net of Accumulated Depreciation	4,379,707
	<u>4,505,025</u>
	<u>5,505,204</u>

LIABILITIES

<u>Current Liabilities</u>	
Accounts Payable	50,135
Accrued Interest Payable	24,867
Current Portion of Long-Term Liabilities	70,000
	<u>145,002</u>
<u>Noncurrent Liabilities</u>	
2006 Revenue Bonds Payable	5,235,000
	<u>5,380,002</u>

NET ASSETS

<u>Net Assets</u>	
Invested in Capital Assets	(925,293)
Unrestricted	1,050,495
	<u>125,202</u>

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

Exhibit 6

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Revenues, Expenses, and Changes in Net Assets
Governmental Activities - Internal Service Fund
Year Ended June 30, 2007

<u>Operating Revenues</u>		
Building Rents		<u>513,353</u>
<u>Operating Expenses</u>		
Other Expense		183,235
Paying Agent and Trustee Fees		3,737
Depreciation		<u>40,734</u>
<u>Total Operating Expenses</u>		<u>227,706</u>
<u>Operating Income</u>		<u>285,647</u>
<u>Nonoperating Expenses</u>		
Interest Expense		158,321
Amortization Expense		<u>2,124</u>
<u>Total Nonoperating Expenses</u>		<u>160,445</u>
<u>Change in Net Assets</u>		125,202
<u>Net Assets</u>		
<u>Beginning of the Period</u>		<u>-</u>
<u>End of the Period</u>		<u><u>125,202</u></u>

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

Exhibit 7

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Cash Flows
Governmental Activities - Internal Service Fund
Year Ended June 30, 2007

<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	513,353
Cash Payments to Suppliers for Goods and Services	(138,999)
	<hr/>
<u>Net Cash Provided by Operating Activities</u>	<u>374,354</u>
<u>Cash Flows From Capital and Relating Financing Activities</u>	
Bond Proceeds	5,305,000
Debt Issuance Costs	(127,442)
Acquisitions of Capital Assets	(4,420,441)
Interest Paid	(133,454)
	<hr/>
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>623,663</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investments	(367,991)
	<hr/>
<u>Net Cash Flows Used by Investing Activities</u>	<u>(367,991)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	630,026
<u>Cash and Cash Equivalents at the Beginning of Period</u>	<u>-</u>
<u>Cash and Cash Equivalents at the End of Period</u>	<u>630,026</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	285,647
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	40,734
Change in Assets and Liabilities:	
Prepaid Items	(2,162)
Accounts Payable	50,135
	<hr/>
<u>Net Cash Provided by Operating Activities</u>	<u>374,354</u>
<u>Non-Cash Investing, Capital and Financing Activities</u>	
Amortization of Bond Issuance Costs	2,124
	<hr/> <hr/>

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

Exhibit 8

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Fiduciary Net Assets
Year Ended June 30, 2007

	<u>ASSETS</u>	Agency <u>Fund</u>
Cash and Cash Equivalents		-
Other Receivables		-
		<u>-</u>
<u>Total Assets</u>		-
	<u>LIABILITY</u>	
<u>Liability</u> - Accounts Payable		-
		<u>-</u>
	<u>NET ASSETS</u>	
<u>Net Assets - Reserved for Student</u> <u>Activities</u>		<u>-</u>

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

Exhibit 9

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Carbon Valley Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

Reporting Entity

The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement-14. GASB Statement-14 defines the reporting entity as the primary government and those component units for which primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government. The Carbon Valley Academy Building Corporation meets the requirements for blending.

In 1993 the Colorado State Legislature enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.54-101." This Act permits the Local School District to contract with individuals and organizations for the operation of schools within the Local School District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's School Finance Act Revenues and from revenues generated by the charter school, within the limits established by the Charter School Act. The Charter School has a separate governing board; however, the St. Vrain School District must approve all Charter School applications and budgets.

The Carbon Valley Academy Charter School, the School, was established during fiscal year 2006. The School is a legally separate entity as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. A contract between the Charter School and the District was executed on July 1, 2005, for the purpose of establishing and clarifying the relationship between the School and the District. The Charter School is deemed to be a component unit of the District as defined in GASB 14.

Fund Accounting

The Academy uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Academy funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the Academy's major and nonmajor governmental funds:

General Fund - The General Fund (a major fund) is the Academy's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Expenditures include all costs associated with the daily operation of the schools, except for programs funded by grants from federal and state governments and certain capital outlay expenditures.

Special Revenue Funds - These funds account for revenues derived from earmarked revenue sources, including transfers from the General Fund. Special Revenue Funds consist of the Capital Reserve Fund (a nonmajor fund), the Student Activity Fund (a nonmajor fund), the Preschool Fund (a nonmajor fund) and the Designated Grants Fund (a nonmajor fund).

Capital Projects Fund - This nonmajor fund accounts for the financial resources to be used to construct, renovate and equip capital facilities.

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the St. Vrain School District, or to other governments, on a cost reimbursement basis. The only internal service fund of the Academy accounts for the activities of the CVA Building Corporation.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Academy's own programs. The Academy has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Academy has one agency fund, the Student Activity Fund. As of July 1, 2006 the Academy transferred the equity of this fund to the Special Revenue Activity Fund, which is shown on the financial statements as a special item.

Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the Academy as a whole. These statements include the financial activities of the government except for fiduciary funds that are fiduciary in nature.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a program or department and therefore clearly identifiable to a particular function. Revenues, which are not classified as program revenues, are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Academy.

Fund Financial Statements - Fund financial statements report detailed information about the Academy. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally reported on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy's finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Program Revenues

Amounts reported as program revenues include 1) charges to district patrons for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Agency funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue - Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Academy before it has a legal claim to them, as when grant moneys are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Academy has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting

The Charter School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Before March 31, the Charter School submits to the St. Vrain School District a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The public is notified by a legal notice that the budget is available for review.
2. Public hearings are conducted at regular St. Vrain School District Board of Education meetings to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the Carbon Valley Academy Board of Directors and the St. Vrain School District Board of Education.

Budgets for the General, Special Revenue, Capital Projects, and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. All appropriations lapse at the end of each fiscal year.

Colorado Budget Law also requires that expenditures for a fund not exceed the appropriations for that fund. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2007:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
<u>Government Funds:</u>			
General Fund	2,125,000	200,000	2,325,000
Preschool Fund	125,000	5,000	130,000
Student Activity	75,000	(10,000)	65,000
Designated Grants Fund	240,000	60,000	300,000
Capital Reserve Fund	90,000	-	90,000
Building Fund	-	300,000	300,000
<u>Fiduciary Fund:</u>			
Student Activity	-	-	-
<u>Internal Service Fund:</u>			
CVA Building Corporation	-	5,500,000	5,500,000
<u>Total Funds</u>	<u>2,655,000</u>	<u>6,055,000</u>	<u>8,710,000</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Temporary Investments

Cash, cash equivalents and temporary investments include cash on hand, demand deposits, certificates of deposit and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

Capital Assets

Capital assets, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Academy 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the Academy is depreciated using the straight line method over the following estimated useful lives.

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land	N/A
Land Improvements	15 years
Building	50 years
Leasehold Improvements	40 years
Furniture and Equipment	7-15 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The Academy reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulation of other governments.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. The remaining equity in the agency fund was transferred to the Special Revenue Student Activity Fund at June 30, 2007.

Note 2 - Cash and Investments

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 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 the aggregate uninsured deposits. Investments are stated at fair value as required by Governmental Accounting Standards Board Statement 31.

The Academy's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Academy's custodial banks in the name of the Academy under provisions of the Colorado Public Deposit Protection Act (CPDPA).

The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

The Academy's investment policy authorizes the Academy to invest in bonds or other interest bearing obligations of the United States of America or its agencies thereof; bonds or other interest-bearing obligations of the State of Colorado or its agencies thereof; banker acceptance issued by state or national bank, commercial paper; repurchase agreements; money market funds; guaranteed investment contract; and local investment pools.

Credit Risk - The Academy's investment policy follows Colorado Revised State Statutes. At June 30, 2007, the Academy owned one Government Security which had a cost of \$375,000 and a fair value of \$367,991, resulting in an unrealized loss of \$7,009 at June 30, 2007.

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (1) uncollateralized (2) collateralized with securities held by the pledging financial institution or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the deposit-government's name. As of June 30, 2007, the Academy had no deposits exposed to custodial credit risk.

Interest Rate Risk - Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 2 - Cash and Investments (Continued)

The following is a break down of cash and investments as of June 30, 2007:

Unrestricted Cash and Cash Equivalents	659,238
Restricted Cash and Cash Equivalents	630,026
Restricted Investments	<u>367,991</u>
 <u>Total</u>	 <u>1,657,255</u>

In addition, the Academy had invested \$687,120 in the CSAFE an investment vehicles established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank of CSAFE provides safekeeping and depository services in connection with the direct investment and withdrawal functions of CSAFE. All securities owned by CSAFE are held by the Federal Reserve Bank in the account maintained for the custodial bank. Investments of CSAFE consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The investment policy of CSAFE does not include investing in derivatives. CSAFE has been rated AAA by Standards & Poor and Aaa by Moody's rating service.

Note 3 - Capital Assets

The capital asset activity for the fiscal year ended June 30, 2007, for both the Charter School and Building Corporation was as follows:

	Capital Assets 6/30/06	Additions	Deletions	Capital Assets 6/30/07
Governmental Activities				
Capital Assets, Being Depreciated:				
Leasehold Improvements	202,497	99,646	-	302,143
Total Capital Assets, Being Depreciated	<u>202,497</u>	<u>99,646</u>	<u>-</u>	<u>302,143</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(4,050)	(6,541)	-	(10,591)
Total Accumulated Depreciation	<u>(4,050)</u>	<u>(6,541)</u>	<u>-</u>	<u>(10,591)</u>
Capital Assets, Net	<u>198,447</u>	<u>93,105</u>	<u>-</u>	<u>291,552</u>
Governmental Activities - Internal Service Fund:				
Capital Assets, Not Being Depreciated:				
Land	-	1,062,443	-	1,062,443
Total Capital Assets, Not Being Depreciated	<u>-</u>	<u>1,062,443</u>	<u>-</u>	<u>1,062,443</u>
Capital Assets, Being Depreciated				
Land Improvements	-	155,910	-	155,910
Building	-	3,015,992	-	3,015,992
Furniture and Equipment	-	186,096	-	186,096
Less Accumulated Depreciation	-	(40,734)	-	(40,734)
Total Capital Assets, Being Depreciated	<u>-</u>	<u>3,317,264</u>	<u>-</u>	<u>3,317,264</u>
Capital Assets, Net	<u>-</u>	<u>4,379,707</u>	<u>-</u>	<u>4,379,707</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 4 - Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12 month period ending September 1; however, most salaries are earned over the traditional school year of August through May. In accordance with generally accepted accounting principles these salaries have been recorded as an expenditure of the Charter School in the year earned rather than the year paid.

Note 5 - Note Payable

During the fiscal year ended June 30, 2006 the Academy borrowed money from Tatonka Capital to make improvements to the school located at 4040 Coriolis Way, Frederick, Colorado. The note was for \$250,000 and requires monthly principal and interest, at 6.50%, of \$4,270 beginning August 1, 2005 through July 1, 2011. The note is secured by a leasehold deed of trust and security agreement from the Academy for the benefit of Tatonka Capital and by the credit enhancement agreement between the Charter Schools Development Corporation, the Academy and Tatonka Capital. A portion of the Building Corporation bond proceeds were used to payoff this debt.

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/07</u>	<u>Due Within</u> <u>One Year</u>
Tatonka Capital Note	217,043	-	217,043	-	-
<u>Total</u>	<u>217,043</u>	<u>-</u>	<u>217,043</u>	<u>-</u>	<u>-</u>

Note 6 - Charter School Revenue Bonds

On December 1, 2006 the Carbon Valley Academy Building Corporation borrowed \$5,305,000 from the Colorado Educational and Cultural Facilities Authority in the form of a revenue bond. The loan is secured by a mortgage on the facility and a pledge of revenues in any trust accounts referred to in the agreement. In addition the Corporation agrees, that during the Lease Term, the Corporation shall take or cause to be taken such actions as may be necessary to cause direct payment of Base Rentals to be made to the Trustee by the State Treasurer. Further, during the Lease Term the Base Rentals shall be payable at such times and payable in such amounts to make the Loan Payments.

The following is a summary of changes in long-term debt of the Carbon Valley Academy for the year ended June 30, 2007:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/07</u>	<u>Due Within</u> <u>One Year</u>
2006 Series Revenue Bond	-	5,305,000	-	5,305,000	70,000
<u>Total</u>	<u>-</u>	<u>5,305,000</u>	<u>-</u>	<u>5,305,000</u>	<u>70,000</u>

The annual requirements to amortize all of the Building Corporation's bonds as of June 30, 2007, is as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	70,000	296,438	366,438
2009	75,000	292,359	367,359
2010	80,000	288,000	368,000
2011	80,000	283,500	363,500
2012	85,000	278,859	363,859
2013-2017	510,000	1,314,281	1,824,281
2018-2022	680,000	1,147,500	1,827,500
2023-2027	900,000	926,719	1,826,719
2028-2032	1,205,000	632,953	1,837,953
2033-2037	1,620,000	240,469	1,860,469
	<u>5,305,000</u>	<u>5,701,078</u>	<u>11,006,078</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 7 - Public Employees' Retirement Association of Colorado - State and School

Multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Charter School are members of the Trust.

The Charter School also contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The Health fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries.

Colorado Revised Statutes assign the authority to establish Trust and Health Fund benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Trust and the Health Fund. That report may be obtained by writing to PERA at 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

The financial statements of the Trust and Health Fund are prepared using the accrual basis of accounting. Member and employer contributions are recognized in the period in which the employer pays compensation to the member. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Trust and Health Fund plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Plan members and the Charter School are required to contribute to the Trust at rates set by Colorado Statutes. A portion of the Charter School's contribution, as shown in the table below, is allocated for the Health Fund. Member contributions to the Health Fund are not required.

The contribution rate for members and the Charter Schools contributions to the Trust and Health Fund, which equaled the Charter School's required contribution for each year was as follows:

	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
Contribution Rate of Covered Salary		
Trust		
Members	8.00%	8.00%
Academy	9.63%	9.13%-9.63%
Health Plan	1.02%	1.02%

Additionally, Trust members of the Charter School may voluntarily contribute to the Voluntary Investment Program (VIP), an Internal Revenue Code Section 401(K) defined contribution plan administered by PERA or to other qualified 403(b) plan. Plan participation is voluntary and contributions are separate from others made to PERA. State Statutes have assigned the State Legislature the authority to establish VIP plan provisions.

The VIP is funded by voluntary member contributions of up to the lesser of \$15,000, or 100 percent of compensation less PERA contributions and employer 401(k) contributions. Catch up contributions up to \$5,000 in 2006 were allowed for participants who had attained the age of 50 before the close of the Plan Year, subject to the limitations of IRC section 414(v). The Charter School and its employees contributions to PERA, PERA 401(k) and other qualified 403 (b) plans are included in the St. Vrain School District, June 30, 2007, financial statements.

Note 8 - TABOR Compliance

In November 1992, Colorado voter passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the federal funds, gifts, property sales, fund transfers, damage awards, and fund

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 8 - TABOR Compliance (Continued)

reserve(balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Charter School has reserved \$68,342 for this purpose.

The Academy believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

Note 9 - Risk Management

The Academy through St. Vrain School District belongs to the Colorado School Districts Self-insurance Pool that was formed in 1981 to give individual districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverages provided by the Pool are property, crime, general liability, auto liability and physical damage, and errors and omissions.

The Board of Directors is composed of seven persons who are district school board members, superintendents or district business officials. The Pool became self-administered in May, 1997, and currently has eleven employees. Each member's premium contribution is determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuary study, is conducted annually.

Note 10- Commitments and Contingencies

Self Insurance Pool

The Carbon Valley Academy through the St. Vrain School District is self-insured for property, liability and workers' compensation insurance. As discussed in Note 1, the Academy is a member of the Colorado School Districts' Self-insurance Pool. The Pools have a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the Academy resulting from claims not covered by the Pools are not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Academy's financial statements.

Claims and Judgements

The Academy participates in federal programs that are fully or partially funded by grants received from other governmental entities. 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 Academy may be required to reimburse the grantor government. As of June 30, 2007, significant amounts of grant expenditures have not been audited but the Academy believes that disallowed expenditures, in any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

CARBON VALLEY ACADEMY
Frederick, Colorado
Notes to Financial Statements
June 30, 2007

Note 11- Building Operating Lease

The Academy leases its school building under a sub-lease with FMC. Carbon Valley Academy Building Corporation the owner of the building has an existing lease with FMC. FMC now sub-leases the building to the Academy for approximately \$16,890 per month for three years beginning August 1, 2005. The lease is renewable in annual installments beginning each July 1st (subject to TABOR restrictions).

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**OTHER SUPPLEMENTARY INFORMATION
COMBINING, INDIVIDUAL FUND
FINANCIAL STATEMENTS**

These financial statements present more detailed information, such as budget and actual comparisons for the individual funds in a format that segregates information by fund type.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Reserve Fund

This fund is reported as a special revenue fund type, not a capital projects fund type. It is used to fund ongoing capital needs such as site acquisitions, building additions, equipment purchases and technology. Funding is provided by a transfer from the General Fund.

Preschool Fund

This fund is reported as a special revenue fund type. It is used to account for the revenues generated for and expenditures of the preschool program.

Student Activity Fund

This fund is reported as a special revenue fund type. It is used to account for athletic and student organizations and is funded by a transfer from the General Fund.

Designated Purpose Grants Fund

This fund is reported as a special revenue fund type. It is used to account for specific programs that are financed primarily through federal and state grants.

Capital Projects Fund

Capital projects funds are used to account for the acquisition of major capital facilities other than those financed by proprietary funds and trust funds.

Building Fund

This fund is reported as a capital projects fund. It accounts for the financial resources to be used to construct, renovate and equip capital facilities.

CARBON VALLEY ACADEMY
Frederick, Colorado
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2007

	Special	
<u>ASSETS</u>	Capital Reserve Fund	Preschool Fund
Cash	9,987	120,226
Accounts/Grants Receivable	-	837
<u>Total Assets</u>	<u>9,987</u>	<u>121,063</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>Liabilities</u>		
Accounts Payable	4,554	-
Accrued Salary and Benefits	-	5,074
Due to Pooled Cash	-	-
<u>Total Liabilities</u>	<u>4,554</u>	<u>5,074</u>
<u>Fund Balances</u>		
Reserved for Capital Projects	5,433	-
Reserved for Preschool	-	115,989
Unreserved:		
Designated for Subsequent Years Expenditures	-	-
<u>Total Fund Balances</u>	<u>5,433</u>	<u>115,989</u>
<u>Total Liabilities and Fund Balances</u>	<u>9,987</u>	<u>121,063</u>

<u>Revenue</u>		<u>Capital Projects</u>	
<u>Student Activity Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Governmental Funds</u>
22,676	-	-	152,889
<u>-</u>	<u>16,125</u>	<u>-</u>	<u>16,962</u>
<u>22,676</u>	<u>16,125</u>	<u>-</u>	<u>169,851</u>
7,260	5,427	-	17,241
-	-	-	5,074
<u>1,000</u>	<u>10,698</u>	<u>-</u>	<u>11,698</u>
<u>8,260</u>	<u>16,125</u>	<u>-</u>	<u>34,013</u>
-	-	-	5,433
-	-	-	115,989
<u>14,416</u>	<u>-</u>	<u>-</u>	<u>14,416</u>
<u>14,416</u>	<u>-</u>	<u>-</u>	<u>135,838</u>
<u>22,676</u>	<u>16,125</u>	<u>-</u>	<u>169,851</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2007

	<u>Special</u>	
	Capital Reserve Fund	Preschool Fund
<u>Revenues</u>		
Intergovernmental	-	-
Other	-	113,180
Interest	-	1,433
	-	114,613
<u>Total Revenues</u>	-	114,613
<u>Expenditures</u>		
Instruction	-	70,867
Supporting Services	4,554	-
Building Lease	67,438	-
Capital Outlay	-	-
Debt Service		
Principal Paid	-	-
	71,992	70,867
<u>Total Expenditures</u>	71,992	70,867
<u>Excess (Deficiency) of Revenues</u>		
<u>Over Expenditures</u>	(71,992)	43,746
<u>Other Financing Sources</u>		
Transfer From General Fund	73,202	-
	73,202	-
<u>Total Other Financing Sources</u>	73,202	-
<u>Excess (Deficiency) of Revenues and</u>		
<u>Other Sources Over Expenditures</u>	1,210	43,746
<u>Special Item</u>	-	-
<u>Fund Balances at Beginning</u>		
<u>of Period</u>	4,223	72,243
<u>Fund Balances at End</u>		
<u>of Period</u>	5,433	115,989

<u>Revenue</u>		<u>Capital Projects</u>	
<u>Student Activity Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Building Fund</u>	<u>Total Nonmajor Governmental Funds</u>
-	285,810	-	285,810
40,897	-	183,236	337,313
-	-	371	1,804
<u>40,897</u>	<u>285,810</u>	<u>183,607</u>	<u>624,927</u>
53,016	97,961	-	221,844
1,000	121,262	-	126,816
-	66,587	-	134,025
-	-	27,957	27,957
-	-	183,236	183,236
<u>54,016</u>	<u>285,810</u>	<u>211,193</u>	<u>693,878</u>
<u>(13,119)</u>	<u>-</u>	<u>(27,586)</u>	<u>(68,951)</u>
-	-	-	73,202
-	-	-	73,202
(13,119)	-	(27,586)	4,251
27,535	-	-	27,535
-	-	27,586	104,052
<u>14,416</u>	<u>-</u>	<u>-</u>	<u>135,838</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Capital Reserve Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<u>Revenues</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Building Lease	79,000	79,000	67,438	11,562
Other	11,000	11,000	4,554	6,446
<u>Total Expenditures</u>	<u>90,000</u>	<u>90,000</u>	<u>71,992</u>	<u>18,008</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	(90,000)	(90,000)	(71,992)	18,008
<u>Other Financing Sources</u>				
Transfer In	90,000	90,000	73,202	(16,798)
<u>Excess of Revenues and Other</u> <u>Sources Over Expenditures</u>	-	-	1,210	1,210
<u>Fund Balance at Beginning of Period</u>	<u>4,223</u>	<u>4,223</u>	<u>4,223</u>	<u>-</u>
<u>Fund Balance at End of Period</u>	<u>4,223</u>	<u>4,223</u>	<u>5,433</u>	<u>1,210</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Preschool Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Other	123,000	128,000	113,180	(14,820)
Interest	<u>2,000</u>	<u>2,000</u>	<u>1,433</u>	<u>(567)</u>
<u>Total Revenues</u>	<u>125,000</u>	<u>130,000</u>	<u>114,613</u>	<u>(15,387)</u>
<u>Expenditures</u>				
Instruction	75,999	80,999	70,867	10,132
Other	<u>49,001</u>	<u>49,001</u>	<u>-</u>	<u>49,001</u>
<u>Total Expenditures</u>	<u>125,000</u>	<u>130,000</u>	<u>70,867</u>	<u>59,133</u>
<u>Excess of Revenues Over Expenditures</u>	-	-	43,746	43,746
<u>Fund Balance at Beginning of Period</u>	<u>72,243</u>	<u>72,243</u>	<u>72,243</u>	<u>-</u>
<u>Fund Balance at End of Period</u>	<u><u>72,243</u></u>	<u><u>72,243</u></u>	<u><u>115,989</u></u>	<u><u>43,746</u></u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Student Activity Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues</u>	75,000	65,000	40,897	(24,103)
<u>Expenditures</u>				
Student Activities	75,000	65,000	54,016	10,984
<u>Total Expenditures</u>	-	-	54,016	(13,119)
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	-	-	(13,119)	(13,119)
<u>Special Item</u>	-	-	27,535	15,416
<u>Fund Balance at Beginning of Period</u>	-	-	-	-
<u>Fund Balance at End of Period</u>	-	-	14,416	2,297

CARBON VALLEY ACADEMY
Frederick, Colorado
Designated Grants Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
<u>Revenues</u>				
Intergovernmental	240,000	300,000	285,810	(14,190)
<u>Total Revenues</u>	<u>240,000</u>	<u>300,000</u>	<u>285,810</u>	<u>(14,190)</u>
<u>Expenditures</u>				
Instruction	107,913	107,913	97,961	9,952
Supporting Services	65,500	125,500	121,262	4,238
Building Lease	66,587	66,587	66,587	-
<u>Total Expenditures</u>	<u>240,000</u>	<u>300,000</u>	<u>285,810</u>	<u>14,190</u>
<u>Excess of Revenues Over Expenditures</u>	-	-	-	-
<u>Fund Balance at Beginning of Period</u>	-	-	-	-
<u>Fund Balance at End of Period</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CARBON VALLEY ACADEMY
Frederick, Colorado
Building Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<u>Revenues</u>				
Other	-	300,000	183,607	(116,393)
<u>Total Revenues</u>	-	300,000	183,607	(116,393)
<u>Expenditures</u>				
Capital Outlay	-	100,000	27,957	72,043
Debt Service				
Principal Paid	-	190,000	183,236	6,764
Interest Paid	-	10,000	-	10,000
<u>Total Expenditures</u>	-	300,000	211,193	88,807
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	-	-	(27,586)	(27,586)
<u>Fund Balance at Beginning of Period</u>	27,586	27,586	27,586	-
<u>Fund Balance at End of Period</u>	27,586	27,586	-	(27,586)

INTERNAL SERVICE FUND

Internal Service Funds are established to account for goods and services provided by one department of the Charter School to other departments of the School on a cost reimbursement basis.

CVA Building Corporation - accounts for rents collected from the Charter School, acquisition of capital assets, and repayment of 2006 loan from the Colorado Educational and Cultural Facilities Authority.

CARBON VALLEY ACADEMY
Frederick, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - CVA Building Corporation
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Other	-	-	513,355	513,355
<u>Total Revenues</u>	-	-	513,355	513,355
<u>Expenditures</u>				
Current				
Other Supporting Services	-	-	186,972	(186,972)
Debt Service				
Principal				
Interest	-	-	133,454	(133,454)
Capital Outlay	-	5,500,000	4,420,441	1,079,559
<u>Total Expenditures</u>	-	5,500,000	4,740,867	759,133
<u>Excess (Deficiency) of Revenues</u>				
<u>Over Expenditures</u>	-	(5,500,000)	(4,227,512)	1,272,488
<u>Other Financing Sources</u>				
Bond Proceeds Net of Issuance Costs	-	5,500,000	5,177,558	(322,442)
<u>Net Change in Fund Balances</u>	-	-	950,046	950,046
<u>Fund Balances at Beginning of Period</u>	-	-	-	-
<u>Fund Balances at End of Period</u>	-	-	950,046	950,046

Exhibit 17

AGENCY FUND / FIDUCIARY FUND TYPE

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The equity in the District student activity fund has been transferred to a special revenue fund effective July 1, 2006.

CARBON VALLEY ACADEMY
Frederick, Colorado
Student Activity Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<u>Revenues</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Student Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess of Revenues Over Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Special Item</u>	<u>-</u>	<u>-</u>	<u>(27,535)</u>	<u>(27,535)</u>
<u>Fund Balance at Beginning of Period</u>	<u>27,535</u>	<u>27,535</u>	<u>27,535</u>	<u>-</u>
<u>Fund Balance at End of Period</u>	<u>27,535</u>	<u>27,535</u>	<u>-</u>	<u>(27,535)</u>