

cPa DIXON, WALLER & CO., INC.

SANGRE DE CRISTO SCHOOL DISTRICT

NUMBER RE-22J

MOSCA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2016

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SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J

FINANCIAL STATEMENTS

JUNE 30, 2016

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**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
ROSTER OF SCHOOL OFFICIALS
June 30, 2016**

BOARD OF EDUCATION

Mark Beiriger	President
James Cooley	Vice-President
Deb Morris	Secretary/Treasurer
Jay Young	Member
Ray Newmyer	Member

SCHOOL OFFICIALS

Brady Stagner	Superintendent
Brenda Mixon	Business Manager

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Sangre De Cristo School District Number RE-22J
Mosca, Colorado 81146

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sangre De Cristo School District Number RE-22J, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sangre De Cristo School District Number RE-22J, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend data on pages i through x and 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sangre De Cristo School District Number RE-22J's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules, and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Dwan, Waller & Co., P.C.

Trinidad, Colorado
November 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sangre de Cristo School
District Re – 22 J

8751 Lane 7 North
Mosca, CO 81146
(719) 378-2310

Management's
Discussion & Analysis

2015-2016
Financial Statement

Sangre de Cristo School District RE - 22 J

Management's Discussion and Analysis

The discussion and analysis of Sangre de Cristo School District RE - 22 J's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016.

The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999. The GASB requires certain comparative information between the current year and the prior year to be presented in the MD&A.

Financial Highlights

- The assets of Sangre de Cristo School District RE – 22 J exceeded its liabilities at the close of June 30, 2016 by **\$12,923,772**. The reduction in net position is less than previous year by **\$351,638** due to **PERA Pension Liability and deferred flow adjustments**.
- The District's governmental activities total net position increased by **\$244,780** due in large part to **PERA Pension Reporting requirement, along with deferred flows**.
- Expenses from governmental activities of **\$4,458,489**; were offset by program specific charges, grants and contributions of **\$773,727**. General revenues from property taxes and state equalization amounted to **\$3,308,198**.
- The General Fund reported a fund balance of **\$1,319,329**. at the close of June 30, 2016, a increase of **\$285,057**. from prior year due in large part to **PERA Pension Plan Reporting, and no SRS Funds**. The overall total of all governmental funds balance was **\$2,314,236.**, at the fiscal year end. The District, strives to adopt a balanced budget which will both meet and exceed the needs of the students, and still build up a stable foundation for the future capital construction needs of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Sangre de Cristo School District Re-22J's basic financial statements. The basic financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The Flow Chart (Figure A-1) below shows how the required parts of this annual report are arranged and how they relate to one another.

Table A-1

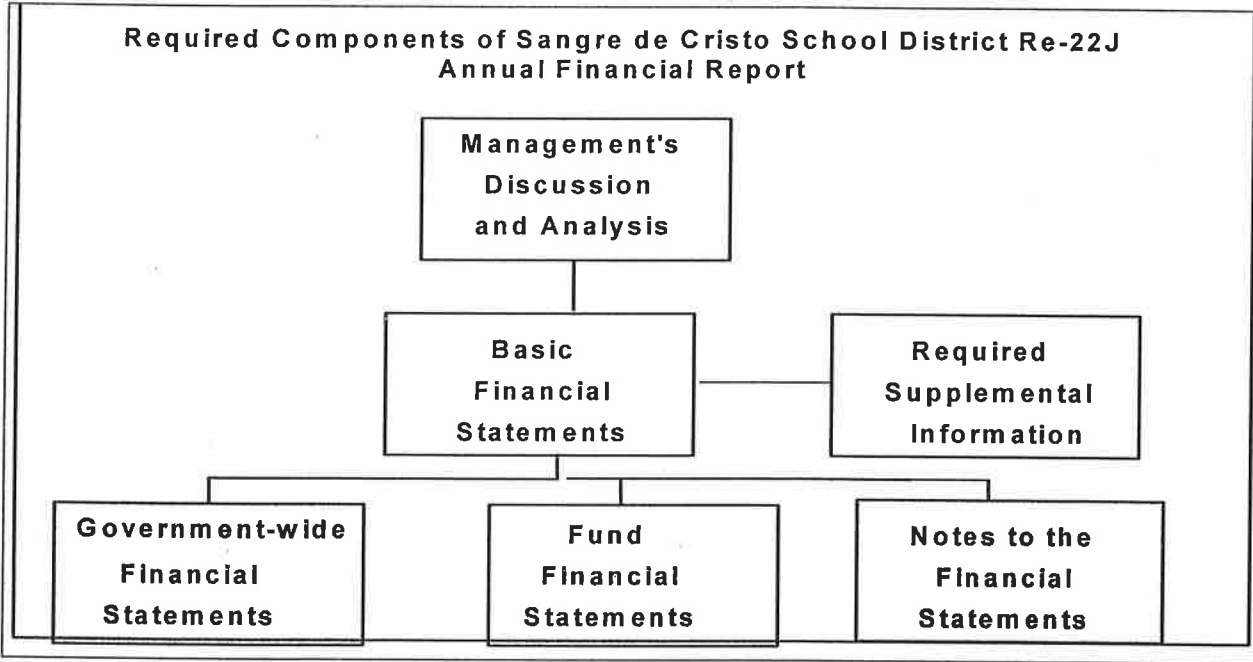


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of Sangre de Cristo School District Re-22J Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds and the district's component units)	The activities of the District that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the District operates similar to private businesses, i.e. the food service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Assets *Statement of Revenues, Expenses and Changes in Fund Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. They consist of two statements:

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the District.

The statement of activities presents information reporting how the District's net position changed during the fiscal year 2015-2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The government-wide financial statements of the District are reported in one category:

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, clubs, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

Sangre de Cristo School District Re-22J maintains four individual governmental funds. Information is presented separately in the governmental fund - balance sheet and in the governmental fund - statement of revenues, expenditures and changes in fund balances for the (1) General Fund (including the Preschool Fund) (2) Bond Redemption Fund and (3) Capital Projects Funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as scholarship funds and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-35 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law. A budgetary comparison schedule has been provided on pages 36-37 and 40-41 for the General, Capital Projects, and Bond Redemption Funds to demonstrate compliance.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net position.

Table A-3 below provides a summary of the District's net position as of June 30, 2016

Table A-3

Sangre de Cristo School District Re-22J Condensed Statement of Net Position as of June 30, 2016

	Governmental Activities		Total Primary Government	
	2014-2015	2015-2016	2014-2015	2015-2016
Current & other assets	\$ 2,274,364	\$2,712,010	\$ 2,274,364	\$2,712,010
Capital assets	\$ 20,374,512	\$19,834,243	\$ 20,374,512	\$19,834,243
Total assets	\$ 22,648,876	\$22,546,253	\$ 22,648,876	\$22,546,253
Other liabilities	\$ 532,111	\$555,973	\$ 532,111	\$555,973
Long-term debt outstanding	\$ 9,120,321	\$9,842,060	\$ 9,120,321	\$9,842,060
Total liabilities	\$ 9,652,432	\$10,398,033	\$ 9,652,432	\$10,398,033
Net Position				
Invested in capital assets	16,844,620	16,485,845	16,844,620	16,485,845
Restricted	455,881	499,095	455,881	499,095
Unrestricted	(4,022,365)	(4,061,168)	(4,022,365)	(4,061,168)
Total net position	\$ 13,278,136	\$12,923,772	\$ 13,278,136	\$12,923,772

The statement of net position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the district, consisting of compensated absences payable, payable and capital outlay certificates payable have been reported in this manner on the statement of net position. The difference between the district's assets and liabilities is its net position.

Changes in Net Position

The change in revenue and expenditures for governmental activities is primarily due to the inclusion of PERA Pension transactions.

The District's revenues totaled 4,213,709 (See Table A-4). Approximately 32% of the District's revenue came from property and other taxes, with 68% coming from state funding and from other sources.

The total cost of all programs and services was 4,458,489. The District's expenses cover a range of services, encompassing instruction, support services and food services.

Sangre de Cristo School District Re-22J Condensed Statement of Changes in Net Position as of June 30, 2016

	Governmental Activities		Business Type Activities		Total Primary Government	
	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016
Charges for Services	\$45,816.00	\$46,578.00			\$45,816.00	\$46,578.00
Operating & Capital Grants	\$410,041.00	\$537,827.00			\$410,041.00	\$537,827.00
General Revenues						
Property Taxes	\$1,193,988.00	\$1,239,003.00			\$1,193,988.00	\$1,239,003.00
Specific Ownership Taxes	\$140,229.00	\$143,239.00			\$140,229.00	\$143,239.00
School Finance Act	\$1,984,907.00	\$1,925,956.00			\$1,984,907.00	\$1,925,956.00
Earnings on Investments	\$2,904.00	\$3,997.00			\$2,904.00	\$3,997.00
Other	\$20,932.00	\$27,498.00			\$20,932.00	\$27,498.00
Subsidy Transfer To Lunch					\$0.00	
Total Revenues & Transfer	\$3,798,817.00	\$4,213,709.00			\$3,798,817.00	\$4,213,709.00
Change in Net Assets	(\$596,418.00)	(\$244,780.00)			(\$596,418.00)	(\$244,780.00)
Expenses						
Instruction	\$2,556,636.00	\$2,372,620.00			\$2,556,636.00	\$2,372,620.00
Student & Instructional	\$189,430.00	\$181,541.00			\$189,430.00	\$181,541.00
Administration & Business	\$502,984.00	\$500,364.00			\$502,984.00	\$500,364.00
Maintenance & Operation	\$384,685.00	\$368,566.00			\$384,685.00	\$368,566.00
Transportation	\$149,978.00	\$180,874.00			\$149,978.00	\$180,874.00
Central Services	\$146,863.00	\$120,525.00			\$146,863.00	\$120,525.00
Food Services	\$282,759.00	260,492.00			\$282,759.00	260,492.00
Interest on Debt	\$148,876.00	142,088.00			\$148,876.00	142,088.00
Capital Outlay	\$0.00	\$21,162.00			\$0.00	\$21,162.00
Pension Expense	\$33,024.00	\$310,257.00			\$33,024.00	\$310,257.00
Total Governmental Activities	\$4,395,235.00	\$4,458,489.00			\$4,395,235.00	\$4,458,489.00
Beginning Net Position	\$13,874,554.00	\$13,278,136.00			\$13,874,554.00	\$13,278,136.00
Prior Year Adjustment	(\$0.00)	(\$109,584.00)			(\$0.00)	(\$109,584.00)
Total Net Position	\$13,278,136.00	\$12,923,772.00			\$13,278,136.00	\$12,923,772.00

Governmental Activities

The primary source of operating revenue for school districts comes from the Colorado School Finance Act of 1994. Under this act, the School District received \$9,528.17 per funded student. In FY 2015 – 2016, the funded pupil count was 306.6 FTE. Funding for the Colorado School Finance Act comes from property taxes, specific ownership taxes and state equalization. The School District received approximately 46.0 percent of its funding from state equalization and 54.0 percent from local property taxes and specific ownership taxes and other.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. The following list describes the total cost of services.

	<u>2014-2015</u>	<u>2015-2016</u>
Instruction	\$2,268,073	\$1,981,840
Pupil	\$ 157,152	\$ 161,188
Instructional Staff	\$ 32,278	\$ 20,353
General Administration	\$ 260,824	\$ 247,183
School Administration	\$ 242,160	\$ 253,181
Operations and Maintenance	\$ 384,685	\$ 368,566
Student Transportation	\$ 110,797	\$ 140,672
Central Support	\$ 146,863	\$ 120,525
Food Service	\$ 130,882	\$ 107,069
Capital Outlay	\$ 0	\$ (168,160)
Interest on Debt	\$ 148,876	\$ 142,088
Depreciation	\$ 23,764	\$ 0
Pension Amortization	\$ 33,024	\$ 310,257
<hr/>		
Total Costs of Services	\$3,939,378	\$3,684,762

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds report is to provide information on near term inflow; outflows and balances of spend able resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Sangre de Cristo School District, assets exceeded liabilities by **\$2,314,236** at the close of business June 30, 2016 an increase of **\$448,932**.

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. The Board of Education approves a budget in June based on enrollment projection for the following school year.

Actual revenues for the General Fund totaled **\$3,522,396**, which was **\$148,177** more than the final budget primarily due to receiving Secure Rural School Funding. The actual expenditures of **\$3,106,339** were below budget by **\$800,153** primarily due to less spent in **Capital Outlay purchases and reduction in staff salaries**. The District's General Fund's fund balance decreased by **\$285,057.**, largely in part due to **purchase of computer's for lab and 2014 Suburban and not receiving SRS Monies**. The **\$1,319,329** fund balance as of June 30, 2016 includes **\$104,750** reserved for Tabor and **\$308,024** of accrued salaries and benefits, and **\$887,380**, contingency reserve.

General Fund Budgetary Highlights

The 2015 – 2016 budget development process was impacted by the administrator. The Board adopted the first preliminary budget on May 12, 2015. Throughout the course of the school year the administration worked diligently to accurately reflect the financial status of the district. On January 12, 2016, the final budget was approved by the Board of Education.

At the close of business on June 30, 2016 actual expenditures were **\$800,153** less than the budgeted amount and actual revenues were more than the budgeted amount by **\$148,177**.

Building Fund

This fund is used to account for the construction and improvement of district buildings. Bond and grant proceeds are used to finance these projects. For FY2015-2016 Revenues equaled **\$44.00** and Expenditures equaled **\$0.00**.

Capital Reserve Capital Projects Fund

This fund is to be used to account for the purposes and limitations specified by Section 22-45-103(1) ©, C.R.S., including the acquisition of sites, buildings, equipment, and vehicles. Decreases to this fund for 2014-2015 are **\$118,125** due primarily to the purchase of computers for computer lab. Expenditures were **\$130,432** with an ending fund balance of **\$535,811**.

Bond Redemption Fund

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses for the districts Bond that our voters passed in November 2008 to **match funds** for the BEST Grant district was awarded the amount of **\$18,398,625**. Activity in this fund for 15-16 is **\$345,568** in revenues, and **\$311,604** in expenditures.

Other Funds

This consists of two separate funds, the Scholarship Fund and the Student Activities Fund. The Scholarship Fund is a Trust & Agency Fund with the assets held in trust. The total net assets in the Scholarship fund are \$37,923. The Student Activities Fund has an ending fund balance of \$86,099.

Next Year's Budget

The budget for the 2016-2017 school year will be greatly impacted by student enrollment numbers as well as legislative decision which could impact revenues. However, the administration feels confident that the budget development process and adoption of the budget will be a reflection of the district's anticipated revenues and expenditures. The District has gone through some much needed change and utilized building and district accountability committees for input into the budget, new financial reporting methods, and a budget development process which results in a realistic budget.

Capital Assets and Debt Administration

The District's investments in capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$19,834,243. This total cost of \$24,188,256 less accumulated depreciation of \$4,354,013. Sangre de Cristo School District assets are made up of the following:

See attached report – Capital Assets Note Disclosure

By the end of 2016 the District has invested \$24,188,256 in a broad range of capital assets, including, land, buildings, (BEST Grant – new school building); various machinery, vehicles, and equipment. This amount represents a net increase (including additions and deductions) of \$109,270 primarily purchase of Computers and 2014 Suburban on a costing out basis.

**Sangre de Cristo Re-22 J
CAPITAL ASSETS**

Land	\$32,667.00
Buildings & Site Improvements +	22,173,651
Construction in Progress	-
Vehicles & Equipment	1,608,524
Food Service Equipment	373,414
Total Funds Capital Assets	<u>\$ 24,188,256</u>

Capital Leases

Copier / printers. The lease term is for five years with an annual interest rate of 4.41%.

Capital lease obligations for the fiscal year ended June 30, 2016 are comprised of the following:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
<u>Governmental Funds</u>				
General Fund	34,892	-	11,494	23,398

Annual debt service requirements to maturity for the lease purchase agreement is as follows:

	Fiscal Year	Interest	Principal	Annual Payment
	2017	635	11,962	12,597
	2018	157	9,560	9,717
	2019	0	1,072	1,072
	2020	0	804	804
Totals		<u>792</u>	<u>23,398</u>	24,190
<u>Less amount representing interest</u>				<u>(792)</u>
<u>Present value of future minimum lease payments</u>				<u>23,398</u>

Changes in Long-Term Debt

In November of 2008 our District's Voter's passed a bond to match funds for the BEST Grant to build a new school. The district was awarded \$18,398,625/

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2016:

	Balance 07/01/2015	Additions	Deletions	Balance 06/30/2016	Due Within One Year
General Obligations Bonds Payable:					
Series 2009 G.O. Bonds	3,495,000	-	170,000	3,325,000	180,000
Capital Leases Payable:					
Copier/Printers	34,892	-	11,494	23,398	11,962
<u>Total Long-Term Obligations</u>	<u>3,529,892</u>	-	<u>181,494</u>	<u>3,348,398</u>	<u>191,962</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Sangre de Cristo School District Re-22J, 8751 Lane 7 N. Mosca, CO. 81146.

Respectfully,

Brady Stagner

Superintendent of Schools

BASIC FINANCIAL STATEMENTS

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF NET POSITION
June 30, 2016

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>Current Assets</u>		
Cash	2,590,360	2,590,360
Property Taxes Receivable	78,014	78,014
Accounts Receivable	26,159	26,159
Inventories	17,477	17,477
<u>Total Current Assets</u>	<u>2,712,010</u>	<u>2,712,010</u>
<u>Capital Assets:</u>		
Depreciable Assets	24,155,589	24,155,589
Accumulated Depreciation	(4,354,013)	(4,354,013)
Non-Depreciable Assets	32,667	32,667
<u>Capital Assets Net of Depreciation</u>	<u>19,834,243</u>	<u>19,834,243</u>
TOTAL ASSETS	<u>22,546,253</u>	<u>22,546,253</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Pension Cost – Plan	656,750	656,750
Deferred Pension Cost – Employer	110,737	110,737
District Contributions Subsequent to Pension Measurement Date	171,820	171,820
<u>Total Deferred Outflow of Resources</u>	<u>939,307</u>	<u>939,307</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	15,827	15,827
Accrued Salaries Payable	308,024	308,024
Accrued Interest	10,837	10,837
Unearned Grant Payments	29,323	29,323
Capital Lease Payable – Current	11,962	11,962
General Obligation Bonds - Current	180,000	180,000
<u>Total Current Liabilities</u>	<u>555,973</u>	<u>555,973</u>
<u>Noncurrent Liabilities</u>		
General Obligation Bonds	3,145,000	3,145,000
Capital Lease Payable	11,436	11,436
Net Pension Liability	6,685,624	6,685,624
<u>Total Noncurrent Liabilities</u>	<u>9,842,060</u>	<u>9,842,060</u>
TOTAL LIABILITIES	<u>10,398,033</u>	<u>10,398,033</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Pension – Plan	94,758	94,758
Deferred Pension – Employer	68,997	68,997
<u>Total Deferred Inflow of Resources</u>	<u>163,755</u>	<u>163,755</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	16,485,845	16,485,845
Restricted for:		
Capital Outlay	43,783	43,783
BEST Grant Reserve	93,000	93,000
Preschool	19,175	19,175
TABOR (Emergencies)	104,750	104,750
Debt Service	394,345	394,345
Food Services	20,968	20,968
Unrestricted	(4,238,094)	(4,438,094)
TOTAL NET POSITION	<u>12,923,772</u>	<u>12,923,772</u>

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016**

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total
<u>FUNCTIONS/PROGRAMS</u>					
<u>Primary Government:</u>					
<u>Governmental Activities</u>					
Instruction	2,372,620	385,361	-	(1,981,840)	(1,981,840)
Pupil	161,188	-	-	(161,188)	(161,188)
Instructional Staff	20,353	-	-	(20,353)	(20,353)
General Administration	247,183	-	-	(247,183)	(247,183)
School Administration	253,181	-	-	(253,181)	(253,181)
Operation & Maintenance	368,566	-	-	(368,566)	(368,566)
Student Transportation	180,874	40,202	-	(140,672)	(140,672)
Central Support	120,525	-	-	(120,525)	(120,525)
Food Services	260,492	-	-	(107,069)	(107,069)
Capital Outlay	21,162	112,264	189,322	168,160	168,160
Interest on Debt	142,088	-	-	(142,088)	(142,088)
Pension Expense	310,257	-	-	(310,257)	(310,257)
Total Governmental Activities	4,458,489	537,827	189,322	(3,684,762)	(3,684,762)
Total Primary Government	4,458,489	537,827	189,322	(3,684,762)	(3,684,762)
<u>General Revenues</u>					
Local Property Taxes				1,239,003	1,239,003
Specific Ownership Taxes				143,239	143,239
School Finance Act				1,925,956	1,925,956
Non Specific Intergovernmental				100,289	100,289
Earnings on Investments				3,997	3,997
Other				27,498	27,498
Total General Revenues				3,439,982	3,439,982
Change in Net Position				(244,780)	(244,780)
Net Position, Beginning				13,278,136	13,278,136
Prior Period Adjustment				(109,584)	(109,584)
Net Position, Ending				12,923,772	12,923,772

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	1,664,360	366,615	509,270	50,115	2,590,360
Accounts Receivable	4,709	-	-	21,450	26,159
Inventories	-	-	-	17,477	17,477
Interfund Receivables	-	18,614	26,541	-	45,155
Property Taxes Receivable	<u>56,898</u>	<u>21,116</u>	-	-	<u>78,014</u>
Total Assets	<u>1,725,967</u>	<u>406,345</u>	<u>535,811</u>	<u>89,042</u>	<u>2,757,165</u>
<u>LIABILITIES</u>					
Accounts Payable	12,827	-	-	3,000	15,827
Interfund Payable	45,155	-	-	-	45,155
Unearned Grant Payments	29,323	-	-	-	29,323
Accrued Salaries Payable	<u>286,733</u>	-	-	<u>21,291</u>	<u>308,024</u>
Total Liabilities	<u>374,038</u>	-	-	<u>24,291</u>	<u>398,329</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
Deferred Property Tax	<u>32,600</u>	<u>12,000</u>	-	-	<u>44,600</u>
<u>FUND BALANCES:</u>					
Nonspendable:					
Inventories	-	-	-	17,477	17,477
Restricted:					
TABOR (Emergencies)	104,750	-	-	-	104,750
Preschool	19,175	-	-	-	19,175
Debt Service	-	394,345	-	-	394,345
BEST Capital Construction					
Reserve	-	-	93,000	-	93,000
Capital Outlay	-	-	-	43,783	43,783
Food Service	-	-	-	3,491	3,491
Committed:					
Capital Outlay	-	-	442,811	-	442,811
Unassigned:	<u>1,195,404</u>	-	-	-	<u>1,195,404</u>
Total Fund Balances	<u>1,319,329</u>	<u>394,345</u>	<u>535,811</u>	<u>64,751</u>	<u>2,314,236</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>1,725,967</u>	<u>406,345</u>	<u>535,811</u>	<u>89,042</u>	<u>2,757,165</u>

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
For the Year Ended June 30, 2016**

<u>GOVERNMENTAL FUNDS TOTAL FUND BALANCE</u>	2,314,236
Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.	44,600
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	24,188,256
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition	(4,354,013)
Long-Term Liabilities for capital leases are not due and payable in the current period and, therefore, not reported in the funds.	
Capital Leases	(23,398)
General Obligation Bonds	(3,325,000)
Accrued Interest	<u>(10,837)</u>
	(3,359,235)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(6,685,624)
Deferred Pension Cost – Plan	561,992
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	171,820
Deferred Pension Cost – Employer	<u>41,740</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>12,923,772</u>

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2016

	<u>General</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	1,062,846	344,696	-	-	1,407,542
Intergovernmental	2,418,488	-	215,863	112,264	2,746,615
Interest	1,366	872	1,694	65	3,997
Other	39,696	-	-	41,159	80,855
Total Revenues	3,522,396	345,568	217,557	153,488	4,239,009
EXPENDITURES:					
Instruction	1,778,723	-	-	-	1,778,723
Pupil	135,504	-	-	-	135,504
Instructional Staff	20,353	-	-	-	20,353
General Administration	245,348	-	-	-	245,348
School Administration	251,027	-	-	-	251,027
Operations & Maintenance	362,504	-	-	-	362,504
Student Transportation	179,757	-	-	-	179,757
Central Support	120,525	-	-	-	120,525
Food Services	-	-	-	241,702	241,702
Debt Service	12,598	311,604	-	-	324,202
Capital Outlay	-	-	130,432	-	130,432
Total Expenditures	3,106,339	311,604	130,432	241,702	3,790,077
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	416,057	33,964	87,125	(88,214)	448,932
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	(131,000)	-	31,000	100,000	-
Total Other Financing Sources (Uses)	(131,000)	-	31,000	100,000	-
NET CHANGE IN FUND BALANCES	285,057	33,964	118,125	11,786	448,932
FUND BALANCES, Beginning	1,034,272	360,381	417,686	52,965	1,865,304
FUND BALANCES, Ending	1,319,329	394,345	535,811	64,751	2,314,236

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016**

<u>GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES</u>	448,932
Deferred Property Tax Revenue – Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.	44,600
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay reported as an expenditure in the governmental funds functions.	109,270
The governmental funds report debt proceeds as another financing sources, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:	
Capital Lease	11,494
Repayment of Debt Principal	170,000
Accrued Interest	<u>620</u>
	182,114
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(649,539)
Deferred Property Taxes of the prior year – Property taxes earned but deferred in the prior year and received in the current year are recognized in the prior year net position on the statement of activities.	(69,900)
The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:	
Change in net pension liability and related deferred flows	<u>(310,257)</u>
<u>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>(244,780)</u>

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 June 30, 2016

	<u>Private Purpose Trust Scholarship</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	<u>37,923</u>	<u>86,099</u>
<u>Total Assets</u>	<u>37,923</u>	<u>86,099</u>
<u>LIABILITIES</u>		
Accounts Payable	-	-
Due to Student Groups	-	<u>86,099</u>
<u>Total Liabilities</u>	<u>-</u>	<u>86,099</u>
<u>NET POSITION</u>		
Held in Trust for Scholarships	<u>37,923</u>	-
<u>Total Net Position</u>	<u>37,923</u>	<u>-</u>

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended June 30, 2016**

Private Purpose Trust Scholarship

	<u>Actual</u>
<u>ADDITIONS</u>	
Local Receipts	<u>430</u>
<u>DEDUCTIONS</u>	
Disbursements	<u>1,200</u>
<u>CHANGES IN NET POSITION</u>	(770)
<u>NET POSITION, Beginning</u>	<u>38,693</u>
<u>NET POSITION, Ending</u>	<u>37,923</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sangre De Cristo School District Number RE-22J of Saguache and Alamosa Counties was reorganized by a vote of qualified electorate in 1959, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with five members and provides educational services to approximately 280 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Sangre De Cristo School District Number RE-22J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Bond Redemption Debt Service Fund and Capital Reserve Capital Projects Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the districts own programs.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Capital Reserve Capital Projects Fund** – this fund accounts expenditures for construction, improvement of district buildings and other capital expenditures.
3. **Bond Redemption Debt Service Fund** – this fund accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest and related costs.

Fiduciary Funds

1. **Trust and Agency Funds** – Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Student Activity Fund – The Student Activity Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. This fund accounts for the transaction of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body.

Scholarship Fund – The Scholarship Fund is a Private Purpose Trust Fund that is used to provide scholarship to eligible District students.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2015 but uncollected in 2016 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2016 are recorded as deferred inflows in the fund financial statements, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Capital Assets (Continued)

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and the Capital Reserve Capital Projects Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 5, 1996 the registered voters approved a ballot resolution authorizing Sangre De Cristo School District Number RE-22J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2016, the District reserved \$104,750 for this purpose.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment (continued)

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2015 property tax calendar for Saguache and Alamosa Counties was as follows:

Levy Date	December 15, 2015
Lien Date	January 1, 2016
Tax Bills Mailed	January 1, 2016
First Installment Due	February 28, 2016
Second Installment Due	June 15, 2016
If Paid in Full, Due	April 30, 2016

L. Use of Estimates

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

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. GASB Statement No. 54 (Continued)

2. **Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.**
3. **Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).**
4. **Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.**
5. **Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.**

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Food Services</u>	<u>Capital Projects Funds Building Fund</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventories	-	-	17,477	-	-	17,477
Restricted:						
Emergencies	104,750	-	-	-	-	104,750
Preschool	19,175	-	-	-	-	19,175
Debt Service	-	394,345	-	-	-	394,345
BEST Capital Construction Reserve	-	-	-	-	93,000	93,000
Capital Outlay	-	-	-	43,783	-	43,783
Food Services	-	-	3,491	-	-	3,491
Committed:						
Capital Outlay	-	-	-	-	442,811	442,811
Unassigned:	<u>1,195,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,404</u>
<u>Total Fund</u>						
<u>Balances</u>	<u>1,319,329</u>	<u>394,345</u>	<u>20,968</u>	<u>43,783</u>	<u>535,811</u>	<u>2,314,236</u>

N. Deferred Outflows / Inflows of Resources

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

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

Interfund Receivables / Payables	45,155
Interfund Transfers	131,000

NOTE 3 **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education 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.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Bond Redemption Fund, Capital Projects Funds and Fiduciary Funds.
6. Budgets for the General Fund, Bond Redemption Fund, Capital Projects Funds, and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 **BUDGETARY INFORMATION (Continued)**

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 **CASH**

Deposits

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.

At June 30, 2016, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>Certificates of Deposit</u>
Insured (FDIC)	508,777	508,777	143,894
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	1,968,993	2,004,375	-
Cash on Hand	3,073	-	-
Cash with County Treasurer	89,645	-	-
<u>Total Cash and Deposits</u>	<u>2,570,488</u>	<u>2,513,152</u>	<u>143,894</u>

Recap

Cash	2,570,488
Investment (Certificates of Deposit)	143,894
<u>Total Carrying Balance</u>	<u>2,714,382</u>

Deposits and Certificates of Deposit with bank balances of \$2,004,375 and a carrying balance of \$1,968,993 as of June 30, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Capital Assets Not Being</u>				
<u>Depreciated:</u>				
Land	32,667	-	-	32,667
<u>Total Not Depreciated Assets</u>	<u>32,667</u>	<u>-</u>	<u>-</u>	<u>32,667</u>
<u>Depreciable Assets:</u>				
<u>Buildings &</u>				
Site Improvements	22,070,927	102,724	-	22,173,651
<u>Equipment & Vehicles</u>	1,601,978	6,546	-	1,608,524
<u>Food Services</u>	373,414	-	-	373,414
<u>Total Depreciable Assets</u>	<u>24,046,319</u>	<u>109,270</u>	<u>-</u>	<u>24,155,589</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
<u>Building &</u>				
Site Improvements	2,331,415	550,984	-	2,882,399
<u>Equipment & Vehicles</u>	1,184,478	79,765	-	1,264,243
<u>Food Services</u>	188,581	18,790	-	207,371
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>3,704,474</u>	<u>649,539</u>	<u>-</u>	<u>4,354,013</u>
<u>Total Capital Assets, Net</u>	<u>20,374,512</u>	<u>(540,269)</u>	<u>-</u>	<u>19,834,243</u>

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

<u>Governmental Activities:</u>	
Instruction	570,207
Pupil	25,684
General Administration	1,835
School Administration	2,154
Operation and Maintenance	6,062
Transportation	1,117
Food Services	18,790
Unallocated	<u>23,690</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>649,539</u>

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 **LONG-TERM DEBT**

GENERAL OBLIGATION BONDS PAYABLE

Series 2009 General Obligation Bonds

These general obligation debts were issued August 12, 2009 for the purpose of constructing district Facilities. The Series 2009 Matching Money bonds of \$4,000,000 were used to match \$19,732,875 in State of Colorado – BEST program funds as required under the State of Colorado Building Excellent Schools Today Qualified School Construction Program. The Series 2009 Matching Money bonds were issued at an interest rate 4.135204%.

Annual debt service requirements to maturity for general government taxable and tax exempt bonds are as follows:

<u>General Obligation Bonds</u>	<u>Fiscal</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
	<u>Year</u>	<u>Payable</u>	<u>Payable</u>	
General Obligation Bonds, Series 2009, Interest Payable June 1 and December 1, Original Amount 4,000,000 with "B" coupons in the amount of 176,375				
	2017	133,767	180,000	313,767
	2018	126,118	190,000	316,118
	2019	118,158	195,000	313,158
	2020	109,888	205,000	314,888
	2021	101,308	210,000	311,308
	2022-2026	364,914	1,200,000	1,564,914
	2027-2030	<u>97,069</u>	<u>1,145,000</u>	<u>1,242,069</u>
	Totals	<u>1,051,222</u>	<u>3,325,000</u>	<u>4,376,222</u>

Capital Leases

The District has entered into a capital lease agreement to purchase three copier/printers. The lease term is for five years with an annual interest rate of 4.41% with a monthly payment of \$960.50.

The District has entered into a capital lease agreement to purchase a copier. The lease term is for five years with an annual interest rate of 0% with a monthly payment of \$89.33.

Capital lease obligations for the fiscal year ended June 30, 2016 are comprised of the following:

<u>Governmental Funds</u>	<u>Bal. July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Bal. June 30, 2016</u>
General Fund	<u>34,892</u>	<u>-</u>	<u>11,494</u>	<u>23,398</u>

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 6 **LONG-TERM DEBT (continued)**

GENERAL OBLIGATION BONDS PAYABLE (continued)

Annual debt service requirements to maturity for the lease purchase agreement is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Annual Payment</u>
2017	636	11,962	12,598
2018	157	9,560	9,717
2019	-	1,072	1,072
2020	-	804	804
<u>Totals</u>	<u>793</u>	<u>23,398</u>	<u>24,191</u>
<u>Less amount representing interest</u>			<u>(793)</u>
<u>Present value of future minimum lease payments</u>			<u>23,398</u>

Changes in Long-Term Debt

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2016:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds Payable:					
Series 2009 G.O. Bonds	3,495,000	-	170,000	3,325,000	180,000
Capital Leases Payable:					
Copier/Printers	<u>34,892</u>	<u>-</u>	<u>11,494</u>	<u>23,398</u>	<u>11,962</u>
<u>Total Long-Term Obligations</u>	<u>3,529,892</u>	<u>-</u>	<u>181,494</u>	<u>3,348,398</u>	<u>191,962</u>

NOTE 7 **COMPENSATED ABSENCES PAYABLE**

Vacation is accrued and paid to the superintendent upon termination or retirement. It is accrued at a rate of 9 days per year. No other employees are paid vacation or sick leave upon termination or retirement. At June 30, 2016, the District did not have a material liability for accrued vacation payable.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Sangre De Cristo School District Number RE-22J participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Sangre De Cristo School District Number RE-22J are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s), under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. 24-51-601, 604, 1713, and 1714.

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

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Contributions. Eligible employees and Sangre De Cristo School District Number RE-22J are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	17.33%	18.13%

Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Sangre De Cristo School District Number RE-22J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Sangre De Cristo School District Number RE-22J were \$335,959 for the year ended June 30, 2016.

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

At June 30, 2016, the Sangre De Cristo School District Number RE-22J reported a liability of \$6,685,624 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Sangre De Cristo School District Number RE-22J proportion of the net pension liability was based on Sangre De Cristo School District Number RE-22J contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Sangre De Cristo School District Number RE-22J proportion was 0.0437 percent, which was an increase of 0.0011 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Sangre De Cristo School District Number RE-22J recognized pension expense of \$310,257. At June 30, 2016, the Sangre De Cristo School District Number RE-22J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	88,284	(278)
Changes of assumptions or other inputs	0	(94,480)
Net difference between projected and actual earnings on pension plan investments	568,466	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	110,737	(68,997)
Contributions subsequent to the measurement date	171,820	N/A
Total	939,307	(163,755)

\$171,820 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016	
2017	149,480
2018	161,707
2019	175,974
2020	116,571
2021	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage Inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Mortality rates were based on the RP-2000 combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuations are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

***In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.**

***Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:**

- **Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to increase annually at a rate of 3.9%.**
- **Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.**
- **Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.**
- **Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.**

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

- The AIR balance was excluded from the initial fiduciary net position, as, per statute. AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Sangre De Cristo School District Number RE-22J proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	8,666,523	6,685,624	5,037,886

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Sangre De Cristo School District Number RE-22J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees, PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$6,983.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Sangre De Cristo School District Number RE-22J contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Sangre De Cristo School District Number RE-22J is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Sangre De Cristo School District Number RE-22J are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the Sangre De Cristo School District Number RE-22J contributions to the HCTF were \$19,324, \$19,041 and \$17,504, respectively equal to their required contributions for each year.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are 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, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2016.

An audited summary of the Colorado School District's Pool financial information at December 31, 2015 (latest information available) follows:

Total Assets	<u>46,958,320</u>
Total Liabilities	<u>22,633,311</u>
Total Equity	<u>24,325,009</u>
Revenue	13,432,892
Underwriting Expenses	<u>16,484,758</u>
Underwriting Gain (Loss)	(3,051,866)
Net Investment Income	663,509
Other Income	-
Net Income (Loss) Before Dividend	<u>(2,388,357)</u>
Dividend	-
Net Income	<u>(2,388,357)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>95,339</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>24,325,009</u>

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 11 LITIGATION

None.

NOTE 12 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county 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 District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 13 JOINT VENTURES

San Luis Valley Board of Cooperative Educational Services

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2016. The joint venture summary audited financial information as of June 30, 2015 is as follows:

Assets and Deferred Outflows	2,435,538
Liabilities and Deferred Inflows	9,301,652
Net Position	<u>(6,866,114)</u>
	<u>2,435,538</u>
Revenues	5,389,369
Expenses	<u>5,093,715</u>
Changes in Net Position	<u>295,654</u>

The B.O.C.E.S. has no long term debt.

The equity interest of each member District is not known, nor is the change in such interest. The equity interest will be determined only at the disbanding of the B.O.C.E.S.

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 14 INTERFUND BALANCES AND TRANSFERS

	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Funds</u>				
General Fund	-	45,155	-	131,000
Bond Fund	18,614	-	-	-
Capital Reserve-Capital Projects	26,541	-	31,000	-
NonMajor Governmental Funds	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
	<u>45,155</u>	<u>45,155</u>	<u>131,000</u>	<u>131,000</u>

Interfund receivables and payables are expected to be repaid within the subsequent year.

Transfers were made for operational purposes.

NOTE 15 PRIOR PERIOD ADJUSTMENT

In the fiscal year ended June 30, 2015, no deferred inflow was recorded for the change in proportion of the District's contributions to PERA in relation to their portion of the net pension liability originally recorded during the implementation of GASB Statements No. 68 and 71. The amount of deferred inflow at June 30, 2015 that should have been recorded was \$109,584. The Statement of Activities reflects the corresponding reduction to entity-wide net position as of that date as a prior period adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	866,000	915,517	49,517
Specific Ownership Taxes	123,416	143,239	19,823
Delinquent Taxes/Interest on Taxes	8,760	4,090	(4,670)
Tuition	6,000	5,419	(581)
Earnings on Investments	2,000	1,366	(634)
Other Local	15,000	27,498	12,498
BOCES Reimbursed Grants	8,777	6,779	(1,998)
<u>Total Local Revenue</u>	<u>1,029,953</u>	<u>1,103,908</u>	<u>73,955</u>
<u>County Sources</u>			
Mineral Leases	75	29	(46)
<u>Total County Sources</u>	<u>75</u>	<u>29</u>	<u>(46)</u>
<u>State Sources</u>			
Equalization	1,989,924	1,925,956	(63,968)
Vocational Education	70,000	93,920	23,920
State ELPA	15,000	8,847	(6,153)
ELPA	6,000	5,946	(54)
Transportation	39,200	40,202	1,002
Read Act	20,000	27,127	7,127
Library Grant	3,500	3,274	(226)
Small Rural Schools	-	42,326	42,326
Additional at Risk Funding	-	2,009	2,009
<u>Total State Sources</u>	<u>2,143,624</u>	<u>2,149,607</u>	<u>5,983</u>
<u>Federal Sources</u>			
Title I	108,000	109,209	1,209
Title II A Teacher Quality	13,367	13,252	(115)
REAP Grant	20,000	21,905	1,905
Vocational Education Carl Perkins	12,000	24,002	12,002
Secure Rural School Grant	45,000	-	(45,000)
RTTT Early Childhood	-	224	224
Forest Reserve	2,200	100,260	98,060
<u>Total Federal Sources</u>	<u>200,567</u>	<u>268,852</u>	<u>68,285</u>
<u>TOTAL REVENUES</u>	<u>3,374,219</u>	<u>3,522,396</u>	<u>148,177</u>

(Continued)

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>2,003,999</u>	<u>1,778,723</u>	<u>225,276</u>
<u>Supporting Services:</u>			
Pupil	170,285	135,504	34,781
Instructional Staff	33,155	20,353	12,802
General Administration	577,426	245,348	332,078
School Administration	280,930	251,027	29,903
Operations and Maintenance	414,490	362,504	51,986
Student Transportation	219,207	179,757	39,450
Central Support	207,000	120,525	86,475
Debt Service			
Interest	-	1,104	(1,104)
Principal	-	11,494	(11,494)
<u>Total Supporting Services</u>	<u>1,902,493</u>	<u>1,327,616</u>	<u>574,877</u>
<u>TOTAL EXPENDITURES</u>	<u>3,906,492</u>	<u>3,106,339</u>	<u>800,153</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(532,273)</u>	<u>416,057</u>	
<u>Other Financing Sources (Uses)</u>			
Operating Transfers	-	(131,000)	(131,000)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>(131,000)</u>	<u>(131,000)</u>
<u>Revenues and Other Financing Sources</u>			
<u>(Uses) Over (Under) Expenditures</u>	<u>(532,273)</u>	<u>285,057</u>	
<u>Fund Balance, Beginning</u>	<u>-</u>	<u>1,034,272</u>	
<u>Fund Balance, Ending</u>	<u>(532,273)</u>	<u>1,319,329</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.0437%	0.0426%	0.0438%	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$6,685,624	\$5,771,923	\$5,582,087	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,894,478	\$1,866,722	\$1,716,126	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	353%	309%	325%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.80%	64.06%	-	-	-	-	-	-	-

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contributions	\$ 335,959	\$ 315,318	\$ 274,387	\$ 268,905	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (335,959)</u>	<u>\$ (315,318)</u>	<u>\$ (274,387)</u>	<u>\$ (268,905)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered-employee payroll	\$1,894,478	\$1,866,722	\$1,716,126	\$1,781,270	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	17.73%	16.89%	15.99%	15.10%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Capital Projects Funds

Capital Reserve Capital Projects Fund – This fund accounts for expenditures for construction and improvement of district buildings and other capital expenditures.

Bond Redemption Debt Service Fund

Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are legally restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Capital Projects Funds

Building Fund – This fund accounts for the construction and improvement of district buildings. Bond and grant proceeds are used to finance these projects

Fiduciary Funds

Agency Fund

Schedule of Changes in Assets and Liabilities.

Schedule of Changes in Receipts and Disbursements – Budget (GAAP Basis) and Actual.

Trust Fund

Schedule of Changes in Fiduciary Net Assets – Budget (GAAP Basis) and Actual.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 CAPITAL RESERVE – CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
 For The Year Ended June 30, 2016

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Other Local Revenue	1,894	1,694	(200)
BEST Capital Construction Grant Revenue	-	189,322	189,322
Small Rural School Grant	-	<u>26,541</u>	<u>26,541</u>
<u>Total Revenues</u>	<u>1,894</u>	<u>217,557</u>	<u>215,663</u>
<u>EXPENDITURES</u>			
Purchased Services-Other	182,000	1,881	180,119
Supplies	100,000	25,827	74,173
Buildings	-	102,724	(102,724)
Equipment	<u>168,000</u>	-	<u>168,000</u>
<u>Total Expenditures</u>	<u>450,000</u>	<u>130,432</u>	<u>319,568</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(448,106)</u>	<u>87,125</u>	
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	<u>30,420</u>	<u>31,000</u>	<u>580</u>
<u>Total Other Financing Sources (Uses)</u>	<u>30,420</u>	<u>31,000</u>	<u>580</u>
<u>Net Change in Fund Balances</u>	<u>(417,686)</u>	<u>118,125</u>	
<u>Fund Balance, Beginning</u>	<u>417,686</u>	<u>417,686</u>	
<u>Fund Balance, Ending</u>	<u>-</u>	<u>535,811</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 BOND REDEMPTION – DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Revenues</u>			
Property Taxes	335,169	343,165	7,996
Delinquent Taxes	1,400	-	(1,400)
Interest on Property Taxes	2,650	1,531	(1,119)
Interest Earnings	400	872	472
<u>Total Revenues</u>	<u>339,619</u>	<u>345,568</u>	<u>5,949</u>
 <u>EXPENDITURES</u>			
Debt Service Principal	169,400	170,000	(600)
Debt Service Interest	170,000	141,004	28,996
Other	600	600	-
Contingency Reserve	360,000	-	360,000
<u>Total Expenditures</u>	<u>700,000</u>	<u>311,604</u>	<u>388,396</u>
<u>Revenues Over (Under) Expenditures</u>	(360,381)	33,964	
<u>FUND BALANCE, Beginning</u>	<u>360,381</u>	<u>360,381</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>394,345</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	<u>Special Revenue Fund Food Services</u>	<u>Capital Projects Fund Building</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash	6,332	43,783	50,115
Inventories	17,477	-	17,477
Accounts Receivable	<u>21,450</u>	-	<u>21,450</u>
<u>Total Assets</u>	<u>45,259</u>	<u>43,783</u>	<u>89,042</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	3,000	-	3,000
Accrued Salaries Payable	21,291	-	21,291
Due to Other Funds	-	-	-
<u>Total Liabilities</u>	<u>24,291</u>	<u>-</u>	<u>24,291</u>
<u>Fund Balances:</u>			
<u>Nonspendable:</u>			
Inventories	17,477	-	17,477
<u>Restricted:</u>			
Capital Outlay	-	43,783	43,783
Food Services	3,491	-	3,491
<u>Assigned:</u>			
Capital Outlay	-	-	-
<u>Unassigned</u>			
<u>Total Fund Balances</u>	<u>20,968</u>	<u>43,783</u>	<u>64,751</u>
<u>TOTAL LIABILITIES & FUND BALANCES</u>			
	<u>45,259</u>	<u>43,783</u>	<u>89,042</u>

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016**

	<u>Special Revenue Fund Food Services</u>	<u>Capital Projects Fund Building</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES</u>			
Local Sources	41,180	44	41,224
State Sources	3,199	-	3,199
Federal Sources	<u>109,065</u>	-	<u>109,065</u>
<u>Total Revenues</u>	<u>153,444</u>	<u>44</u>	<u>153,488</u>
<u>EXPENDITURES</u>			
Food Services	241,702	-	241,702
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>241,702</u>	<u>-</u>	<u>241,702</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(88,258)	44	(88,214)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>100,000</u>	-	<u>100,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	11,742	44	11,786
<u>FUND BALANCES, Beginning</u>	<u>9,226</u>	<u>43,739</u>	<u>52,965</u>
<u>FUND BALANCES, Ending</u>	<u>20,968</u>	<u>43,783</u>	<u>64,751</u>

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
FOOD SERVICE – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	52,200	41,159	(11,041)
Interest Earnings	<u>50</u>	<u>21</u>	<u>(29)</u>
<u>Total Local Sources</u>	<u>52,250</u>	<u>41,180</u>	<u>(11,070)</u>
<u>State Sources</u>			
State Match	1,800	1,257	(543)
Smart Start	500	1,348	848
PK-2 Reduced Breakfast	<u>250</u>	<u>594</u>	<u>344</u>
<u>Total State Sources</u>	<u>2,550</u>	<u>3,199</u>	<u>649</u>
<u>Federal Sources</u>			
School Lunches	101,000	98,669	(2,331)
Commodities	<u>25,200</u>	<u>10,396</u>	<u>(14,804)</u>
<u>Total Federal Sources</u>	<u>126,200</u>	<u>109,065</u>	<u>(17,135)</u>
<u>TOTAL REVENUES</u>	<u>181,000</u>	<u>153,444</u>	<u>(27,556)</u>
<u>EXPENDITURES</u>			
<u>Food Services</u>			
Salaries	110,000	100,319	9,681
Employee Benefits	49,000	45,695	3,305
Purchased Services	2,700	457	2,243
Food and Milk	98,475	89,704	8,771
Supplies and Materials	<u>29,825</u>	<u>5,527</u>	<u>24,298</u>
<u>Total Expenditures</u>	<u>290,000</u>	<u>241,702</u>	<u>48,298</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(109,000)	(88,258)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(9,000)	11,742	
<u>FUND BALANCE, Beginning</u>	<u>9,000</u>	<u>9,226</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>20,968</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 BUILDING – CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
 For The Year Ended June 30, 2016

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Interest Earnings	100	44	(56)
Other Local	<u>6,161</u>	-	<u>(6,161)</u>
<u>Total Revenues</u>	<u>6,261</u>	<u>44</u>	<u>(6,217)</u>
<u>EXPENDITURES</u>			
Equipment	<u>50,000</u>	-	<u>50,000</u>
<u>Total Expenditures</u>	<u>50,000</u>	-	<u>50,000</u>
<u>Revenues Over (Under) Expenditures</u>	(43,739)	44	
<u>Fund Balance, Beginning</u>	<u>43,739</u>	<u>43,739</u>	
<u>Fund Balance, Ending</u>	<u> -</u>	<u>43,783</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
FIDUCIARY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

	Agency Fund			
	Balance		Deductions	Balance
	<u>7-1-2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>6-30-2016</u>
<u>ASSETS</u>				
Cash	<u>90,735</u>	<u>132,632</u>	<u>137,268</u>	<u>86,099</u>
<u>LIABILITIES</u>				
Deposits Held for Others	<u>90,735</u>	<u>132,632</u>	<u>137,268</u>	<u>86,099</u>

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 FIDUCIARY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Agency Funds</u>		Variance with Final Budget – Favorable (Unfavorable)
	<u>Original and Final Budget</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>174,265</u>	<u>132,632</u>	<u>(41,633)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>265,000</u>	<u>137,268</u>	<u>127,732</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	<u>(90,735)</u>	<u>(4,636)</u>	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>90,735</u>	<u>90,735</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u>—</u>	<u>86,099</u>	

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION –
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Private Purpose Trust Scholarship</u>		Variance with Final Budget- Favorable (Unfavorable)
	<u>Original and Final Budget</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>4,307</u>	<u>430</u>	<u>(3,877)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>43,000</u>	<u>1,200</u>	<u>41,800</u>
<u>CHANGES IN NET POSITION</u>	(38,693)	(770)	
<u>NET POSITION, Beginning</u>	<u>38,693</u>	<u>38,693</u>	
<u>NET POSITION, Ending</u>	<u>—</u>	<u>37,923</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District 0110 - SANGRE DE CRISTO RE-22J
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	1,027,662		3,320,421		3,047,929		1,300,154
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	6,611		70,974		56,410		19,175
Sub- Total	1,034,272		3,391,396		3,106,339		1,319,329
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	9,227		253,442		241,700		20,966
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	360,381		345,567		311,604		394,345
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	43,739		44		0		43,783
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	417,686		248,557		130,432		535,811
Totals	1,865,306		4,339,986		3,790,095		2,314,236
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
66,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	38,693		429		1,200		37,923
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	90,735		132,632		137,267		86,099
79 GASB 34-Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	129,428		133,061		138,467		124,022
					FINAL		

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.



Colorado Department of Education
Bolded Balance Sheet Report
 District 0110 - SANGRE DE CRISTO RE-22J
 Fiscal Year 2015-16
 Colorado School District/BOCES

ASSETS	Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
Cash and Investments (8100-8104,8111)	1,543,581	0	28,035	6,332	0	357,274	553,053	0	0	0	124,022	0	2,612,296				
Cash with Fiscal Agent (8105)	80,304	0	0	0	0	9,342	0	0	0	0	0	0	89,645				
Other Investment Accounts (8112-8115)	12,440	0	0	0	0	0	0	0	0	0	0	0	12,440				
Taxes Receivable (8121,8122)	56,898	0	0	0	0	21,116	0	0	0	0	0	0	78,014				
Interfund Loans Receivable (8131,8132)	0	0	12	0	0	18,614	26,541	0	0	0	0	0	45,167				
Grants Accounts Receivable (8142)	0	0	0	21,198	0	0	0	0	0	0	0	0	21,198				
Other Receivables (8151-8154,8161)	4,709	0	0	252	0	0	0	0	0	0	0	0	4,961				
Inventories (8171,8172,8173)	0	0	0	17,477	0	0	0	0	0	0	0	0	17,477				
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Assets	1,697,931	0	28,047	65,259	0	406,345	579,594	0	0	0	124,032	0	2,861,199				

LIABILITIES & FUND EQUITY

LIABILITIES	General Funds 10, 12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401, 7402)	45,167	0	0	0	0	0	0	0	0	0	0	0	45,167
Other Payables (7421-7423)	12,827	0	0	3,000	0	0	0	0	0	0	0	0	15,827
Accrued Expenses (7461)	277,860	0	6,872	21,291	0	0	0	0	0	0	0	0	308,024
Unearned Revenue (7481)	32,600	0	0	0	0	12,000	0	0	0	0	0	0	44,600
Grants Deferred Revenue (7482)	29,323	0	0	0	0	0	0	0	0	0	0	0	29,323
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	387,776	0	6,872	24,291	0	12,000	0	0	0	0	0	0	442,941

Governmental

Proprietary

Fiduciary

FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 80	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	17,477	0	0	0	0	0	0	0	0	17,477
Restricted Fund Balance 6720	0	0	0	3,491	0	394,345	43,783	0	0	0	0	0	441,620
TABOR 3% Emergency Reserve 6721	104,750	0	0	0	0	0	0	0	0	0	0	0	104,750
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	19,175	0	0	0	0	0	0	0	0	0	19,175
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	93,000	0	0	0	0	0	93,000
Committed Fund Balance 6750	0	0	0	0	0	0	442,811	0	0	0	0	0	442,811
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance 6770	1,195,404	0	0	0	0	0	0	0	0	124,022	0	0	1,319,426
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,300,154	0	19,175	20,968	0	394,345	579,594	0	0	0	124,022	0	2,438,258
Total Liabilities & Fund Equity													
	1,697,931	0	28,047	45,259	0	406,345	579,594	0	0	0	124,022	0	2,881,199
For Each Fund Type:													
Do Assets=Liability+Fund Equity													
General Funds 10,12-18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Charter School Fund 11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Preschool Fund 19	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Food Service Special Revenue Fund 21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Special Revenue Funds 20, 22-29	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Debt Service Funds 30-39	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Capital Projects Funds 40-49	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Enterprise Funds 50, 52-59	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk-Related Activity Funds 63-64	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Internal Service Funds 80	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trust & Agency Funds 70-79	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Foundations Fund 85	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes