

**SIERRA GRANDE SCHOOL DISTRICT R-30
BLANCA, COLORADO
FINANCIAL STATEMENTS**

June 30, 2016



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By Justin L. Smith at 9:48 am, Dec 15, 2016



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

SIERRA GRANDE SCHOOL DISTRICT R-30
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Sierra Grande School District R-30
Blanca, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Grande School District R-30 (the District), 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.

Auditors' 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 auditors' 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 District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

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, and pension information on pages 4-16 and 45-47 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 District's basic financial statements. The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules and the Colorado School District Auditor's Integrity Report 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 schedules and the Colorado School District Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 12, 2016

SIERRA GRANDE SCHOOL DISTRICT R-30
MANAGEMENT'S DISCUSSION AND ANALYSIS

SIERRA GRANDE SCHOOL DISTRICT R-30 Management's Discussion and Analysis for the Year Ended June 30, 2016

INTRODUCTION

The Sierra Grande School District Superintendent, District Bookkeeper and Administrative Assistant are making available to the general public in a narrative overview and analysis of the financial condition of the District. This narrative identifies the different funds currently used by the School District financial administration team in managing the revenues and expenditures of the District. This abstract is a management analysis of the 2016 fiscal year which began on July 1, 2015 and ended June 30, 2016.

This abstract is intended to be read and understood by any and all parents, taxpayers and residents of the School District. Its primary purpose is to allow all interested parties to examine in an uncomplicated form the financial condition of the District and to cause the reader to be satisfied with the financial condition of the District or to raise appropriate questions for discussion.

FINANCIAL HIGHLIGHTS

- 1. General Fund** – During the 2015-2016 fiscal year the District was scheduled to receive \$2,354,775 in local property taxes and received \$2,143,556. Actual expenditures were \$617,271 less than budgeted.
- 2. Government Designated Purpose Grants Funds** -The Governmental Designated Purpose Grants Fund beginning fund balance was \$2,846. The grant fund had revenue of \$37,794 of and expenditures of \$37,934 for an ending fund balance of \$2,706.

In Governmental Designated Purpose Grant funds we usually do not want a fund balance at the end of each year. When you do have an end-of-year fund balance the government usually wants it back. However, in our current case a fund balance of \$2,706 is appropriate and an effort to spend it during the 2017 fiscal year is a goal. The fund balance will in all probability be invested in K-12 staff development activities.

- 3. Pupil Activity Fund** - The Pupil Activity Fund records financial transactions of school sponsored pupil intra-scholastic and interscholastic athletic and other related activities. The activities are supported primarily by the General Fund.

Other revenues such as gate receipts and fund raising events contribute to the revenues of this fund. The beginning fund balance for the account was \$15,928 with revenues and transfers of \$62,249 and expenditures of \$60,113 for an ending fund balance of \$18,064.

- 4. Food Service Fund**- The Food Service Fund had a beginning fund balance of \$3,446. The total revenues from the Federal and State Programs, General Fund

transfers, and collections equal \$255,137. Expenditures for the 2016 fiscal year totaled \$239,033 leaving an end of the year fund balance of \$19,550.

- 5. Agency Fund** - This fund holds the financial assets of student class organizations, private organizations and other governmental groups such as Booster Club, PTA/PTO, Senior Class, Spanish Club and the like.

This fund had a beginning balance of \$49,110 and revenues and transfers of \$65,788 and expenses \$66,355 for an ending fund balance of \$48,543.

The District personnel will inform the account holder of any revenues and expenses as they occur. The District will also inform the account holder of any irregularities that it identifies in the use of the account.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, 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 District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- Fiduciary funds 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 statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.
- *Governmental activities*- Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget is prepared with liberal expenditures identified to assure that we do not overspend categories. However, we monitor each account on a monthly basis to ensure that each category maintains a significant and sizeable balance at any given time. Revenues are budgeted conservatively to reflect actual income as close as possible.

There are numerous budgetary practices. This approach has served the District well over the years.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes many other funds to help it manage and control its finances to achieve certain results.

The District uses governmental funds:

- **Governmental funds-** Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one 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 District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

The governmental funds are as follows:

- o **General Fund-** (Governmental Fund) is used to account for all financial resources except those required to be accounted for in another fund (GASB 1300.104). The General fund is used to account for all ordinary operations of a school system.
- o **Governmental Designated Purpose Grants Fund-** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The funds may be used to account for certain designated restricted local, state, and federal grants.
- o **Pupil Activity Fund** -is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fund-raising activities.
- o **Colorado Preschool Program Fund** - Moneys allocated pursuant to section 22-28-108(5.5) shall be deposited in the preschool program fund of the District. In addition, any other moneys of the District that may be used to pay the costs of providing preschool services directly to children enrolled in the District's preschool program pursuant to article 28 of this title may be deposited in the preschool program fund of the District. Expenditures from the fund shall only be made to pay the costs of providing preschool services directly to children enrolled in the District's preschool program pursuant to article 28 of this title. Such costs shall include teacher and paraprofessional salaries and benefits, supplies and materials, home visits, the entire cost of any preschool program contracted services, the costs of their parents, any associated professional development activities, costs that a District would not otherwise have incurred but for the services provided in conjunction with the five percent of such overhead costs. Any moneys remaining in the fund at the end of the year shall remain in the fund.

This is accounted for as part of the General Fund.

- o **Food Service Fund** - is used to record financial transactions related to food service operations. If the school District receives USDA school breakfast/lunch money this fund is required.
- **Fiduciary Fund** - The District is the agent, or fiduciary, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The fiduciary fund is as follows:

- o **Agency Fund** - is used to account for assets held by a school District as an agent for individuals, private organizations, other governmental units and/or other funds. (Examples of the use of this fund at Sierra Grande are Clubs, PTA, PTO, Student organizations, Class organizations, etc.)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$(575,951) on June 30, 2016, which was more than at June 30, 2015, increasing by approximately 32 percent.

Table 1 provides a summary of the District's net position for fiscal year 2015 and 2016.

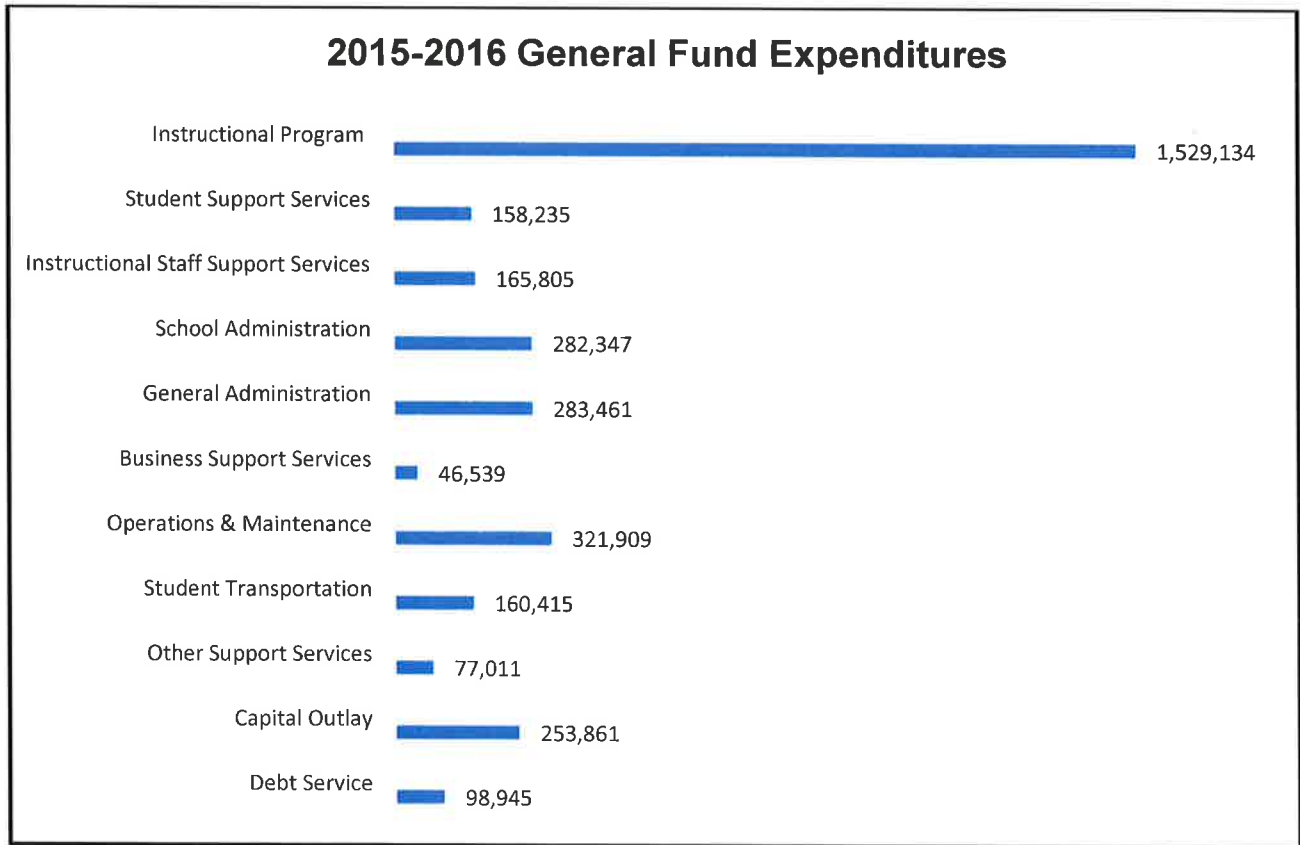
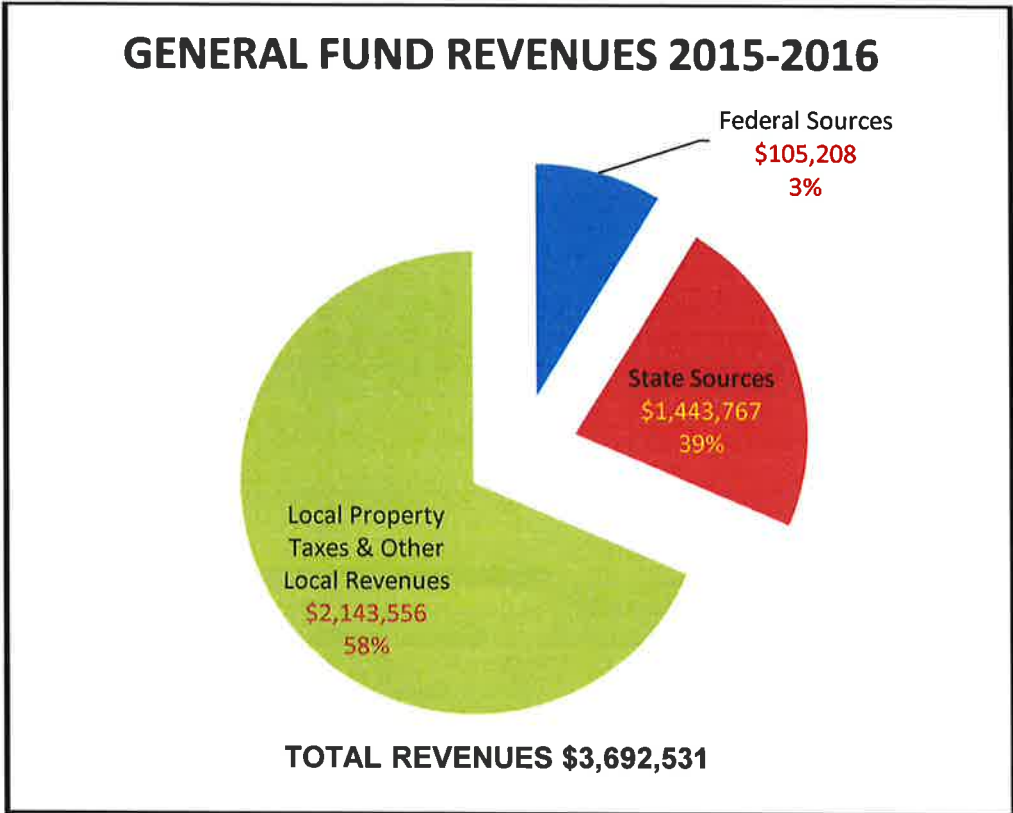
Table 1
Condensed Statement of Net position

	Governmental Activities	
	2015	2016
Assets		
Current assets	\$ 1,040,079	\$ 1,384,081
Capital assets	\$ 4,770,941	\$ 4,831,079
Total assets	\$ 5,811,020	\$6,215,160
Deferred Outflows	\$ 289,164	\$ 776,659
Liabilities		
Current liabilities	\$ 335,417	\$ 346,098
Non-current liabilities	\$ 6,179,240	\$ 6,586,020
Total liabilities	\$ 6,514,657	\$ 6,932,118
Deferred Inflows of Resources:		
Deferred Revenue-Property Tax	\$ 221,079	\$ 198,508
Pensions	\$ 204,212	\$ 437,144
Net position		
Net investment in capital assets	\$ 4,319,886	\$ 4,353,869
Restricted for: TABOR	\$ 91,000	\$ 111,000
Unrestricted	\$(5,250,680)	\$ (5,040,820)
Total net position	\$ (839,794)	\$ (575,951)

Table 2 shows the changes in net position for fiscal years 2015 and 2016

Table 2
Changes in Net position

	Governmental Activities	
	2015	2016
Revenues		
Program revenues		
Charges for services	\$ 72,162	\$ 73,414
Operating grants & contributions	\$ 366,525	\$ 561,343
Capital grants & contributions	\$ 19,105	\$ 91,436
General Revenues		
Taxes	\$ 2,187,270	\$ 2,049,850
State Equalization	\$ 741,361	\$ 1,149,390
Interest on Investments	\$ 408	\$ 861
Transfers	\$ (749)	\$ -
Miscellaneous	\$ 64,529	\$ 56,417
Total revenues	\$ 3,450,611	\$ 3,982,711
Expenses		
Instructional Program	\$ 1,795,640	\$1,832,041
Student Supporting Services	\$ 83,524	\$167,384
Instructional Staff Supporting Services	\$ 216,647	\$206,253
General Administration Supporting Services	\$ 338,864	\$295,975
School Administration Supporting Services	\$ 268,144	\$298,580
Business Supporting Services	\$ 67,717	\$49,387
Operations & Maintenance of Plant Services	\$ 330,929	\$324,490
Student Transportation Services	\$ 190,020	\$196,975
Other Support Services	\$ 78,726	\$77,011
Interest on Long-term Debt	\$ 23,314	\$22,262
Food Services	\$235,416	\$248,510
Total expenses	\$ 3,628,938	\$3,718,868
Increase (decrease) in net position	\$ (178,328)	\$263,843



GRANTS

Revenue

State Sources

 Gifted & Talented \$ 6,119

Subtotal State Sources \$ 6,119

Federal Sources \$ 31,675

Subtotal Federal Source \$ 31,675

Local Sources \$ 0

Total Grants Revenue \$ 37,794

EXPENDITURES

Instructional Program \$ 6,261

Instructional Staff Support Services \$ 31,673

Total Grants Expenditures \$ 37,934

GENERAL FUND ENDING FUND BALANCES	
2001	\$628,855
2002	\$713,715
2003	\$894,356
2004	\$810,614
2005	\$880,066
2006	\$620,894
2007	\$457,465
2008	\$385,171
2009	\$466,591
2010	\$532,930
2011	\$740,906
2012	\$880,313
2013	\$668,474
2014	\$470,187
2015	\$524,807
2016	\$877,514

HISTORICAL DATA OCTOBER 1 STUDENT COUNT

FUNDED PUPIL COUNTS/FUNDING PER PUPIL			
October 1, 1997	FY1998	351.0	\$6030.95
October 1, 1998	FY1999	339.8	\$6326.78
October 1, 1999	FY2000	329.9	\$6499.96
October 1, 2000	FY2001	308.3	\$6902.16
October 1, 2001	FY2002	292.9	\$7393.54
October 1, 2002	FY2003	299.0	\$7757.84
October 1, 2003	FY2004	296.0	\$7926.37
October 1, 2004	FY2005	294.7	\$8156.45
October 1, 2005	FY2006	294.3	\$8199.49
October 1, 2006	FY2007	290.0	\$8554.74
October 1, 2007	FY2008	280.0	\$8959.81
October 1, 2008	FY2009	276.4	\$9278.95
October 1, 2009	FY2010	266.9	\$9880.49
October 1, 2010	FY2011	257.5	\$9710.14
October 1, 2011	FY2012	269	\$9054.47
October 1, 2012	FY2013	261.5	\$9181.69
October 1, 2013	FY2014	261.6	\$9350.22
October 1, 2014	FY2015	264.4	\$9830.10
October 1, 2015	FY2016	295.4	\$9903.05

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$9,903.05 per funded student in FY 2016. In fiscal year 2015 the per pupil funding was \$9,830.10. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 42 percent of this funding from state equalization while 58 percent comes from local property and other taxes.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's major funds is located in the Notes to the Basic Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$3,692,531 and expenditures of \$3,377,662.

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2016, the District has \$4,831,079 in land, buildings, and equipment (including vehicles), net of accumulated depreciation.

Table 5 shows capital assets for 2015 and 2016.

Table 5
Capital Assets at June 30

	Governmental Activities	
	2015	2016
Land	\$ 259,753	\$ 259,753
Land Improvements	\$ 5,845	\$ 5,845
Buildings	\$7,376,227	\$7,376,227
Equipment & Vehicles	\$1,146,342	\$1,256,538
Accumulated depreciation	\$(4,039,989)	\$(4,241,070)
Construction in progress	\$ 22,763	\$ 173,786
TOTAL	\$4,770,941	\$4,831,079

Additional information on the District's capital assets can be found in Note 7 in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, there was an identified trend of decreasing collections of delinquent taxes. There is also an identified trend in the escalation of prices in support services. Financial projections and planning need to continue in order to adequately budget for these items.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, 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:

FINANCIAL ADMINISTRATION TEAM

Darren Edgar, Superintendent
Tammy Ann Martinez, District Bookkeeper
Dawnia Cooper, Administrative Assistant

BOARD OF EDUCATION

Ty Ryland, President
Patrick Ontiveros, Vice-President
Esmeralda Martinez, Secretary
Wendy Fischer, Treasurer
L Christy Smith, Member

Sierra Grande School District R-30
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(719) 379-3259

SIERRA GRANDE SCHOOL DISTRICT R-30
BASIC FINANCIAL STATEMENTS

SIERRA GRANDE SCHOOL DISTRICT R-30

STATEMENT OF NET POSITION

June 30, 2016

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 854,354
Property Tax Receivable	198,508
Accounts Receivable	106,091
Due from Other Governments	220,171
Inventory	4,957
Total Current Assets	<u>1,384,081</u>
Noncurrent Assets	
Capital Assets:	
Land	265,598
Construction in Progress	173,786
Buildings	7,376,227
Equipment	1,256,538
Less: Accumulated Depreciation	(4,241,070)
Total Noncurrent Assets	<u>4,831,079</u>
TOTAL ASSETS	<u>6,215,160</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	776,659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>776,659</u>
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	267,684
Unearned Grant Revenue	55
Lease Purchase Agreements	78,359
Total Current Liabilities	<u>346,098</u>
Noncurrent Liabilities	
Lease Purchase Agreements	398,851
Compensated Absences	32,261
Pension Liability	6,154,908
Total Noncurrent Liabilities	<u>6,586,020</u>
TOTAL LIABILITIES	<u>6,932,118</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	437,144
Unavailable Revenue- Property Tax	198,508
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>635,652</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government Governmental Activities
NET POSITION	
Net Investment in Capital Assets	4,353,869
Restricted for:	
TABOR	111,000
Unrestricted	(5,040,820)
TOTAL NET POSITION	\$ (575,951)

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government:					
Governmental Activities:					
Instructional Program	\$ 1,832,041	\$ -	\$ 220,515	\$ -	\$ (1,611,526)
Student Support Services	167,384	-	100,355	-	(67,029)
Instructional Staff Support Services	206,253	-	25,177	-	(181,076)
General Administration Support Services	295,975	36,628	-	-	(259,347)
School Administration Support Services	298,580	-	-	-	(298,580)
Business Support Services	49,387	-	-	-	(49,387)
Operations and Maintenance of Plant Services	324,490	-	-	91,436	(233,054)
Student Transportation Services	196,975	-	42,071	-	(154,904)
Food Services	248,510	36,786	173,225	-	(38,499)
Other Support Services	77,011	-	-	-	(77,011)
Interest on Long-term Debt	22,262	-	-	-	(22,262)
Total Governmental Activities	3,718,868	73,414	561,343	91,436	(2,992,675)
Total Primary Government	\$ 3,718,868	\$ 73,414	\$ 561,343	\$ 91,436	(2,992,675)
General Revenues					
Taxes:					
					1,838,493
					136,155
					75,202
					1,149,390
					861
					56,417
					<u>3,256,518</u>
					Change in Net Position
					263,843
					<u>Net Position, Beginning of Year</u>
					(839,794)
					<u>Net Position, End of Year</u>
					<u>\$ (575,951)</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	<u>GENERAL FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Investements	\$ 830,358	\$ 23,996	\$ 854,354
Property Tax Receivable	198,508	-	198,508
Accounts Receivable	106,091	-	106,091
Due from Other Funds	10,247	13,457	23,704
Due from Other Governments	201,366	18,805	220,171
Inventory	-	4,957	4,957
TOTAL ASSETS	<u>\$ 1,346,570</u>	<u>\$ 61,215</u>	<u>\$ 1,407,785</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ 13,457	\$ 10,247	\$ 23,704
Accrued Salaries and Benefits	257,036	10,648	267,684
Unearned Grant Revenue	55	-	55
TOTAL LIABILITIES	<u>270,548</u>	<u>20,895</u>	<u>291,443</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue- Property Tax	198,508	-	198,508
FUND BALANCE			
Nonspendable			
Inventory	-	4,957	4,957
Restricted for			
TABOR	111,000	-	111,000
Committed			
Grant Programs	-	2,706	2,706
Pupil Activities	-	18,064	18,064
Assigned			
Subsequent Year Expenditures	100,000	-	100,000
Food Services	-	14,593	14,593
Unassigned	666,514	-	666,514
TOTAL FUND BALANCE	<u>877,514</u>	<u>40,320</u>	<u>917,834</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,346,570</u>	<u>\$ 61,215</u>	<u>\$ 1,407,785</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total governmental fund balances	\$	917,834
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,831,079
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		776,659
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease Purchase Agreements	\$ (477,210)	
Compensated Absences	<u>(32,261)</u>	
		(509,471)
Net pension liabilities are not due and payable in the current period and are not reported in the funds.		(6,154,908)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.		<u>(437,144)</u>
Net position of governmental activities	\$	<u>(575,951)</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>GENERAL FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 2,143,556	\$ 79,161	\$ 2,222,717
State Sources	1,443,767	7,390	1,451,157
Federal Sources	105,208	203,629	308,837
TOTAL REVENUES	<u>3,692,531</u>	<u>290,180</u>	<u>3,982,711</u>
EXPENDITURES			
Instructional Program	1,529,134	66,374	1,595,508
Student Support Services	158,235	-	158,235
Instructional Staff Support Services	165,805	31,673	197,478
General Administration Support Services	283,461	-	283,461
School Administration Support Services	282,347	-	282,347
Business Support Services	46,539	-	46,539
Operations and Maintenance of Plant Services	321,909	-	321,909
Student Transportation Services	160,415	-	160,415
Food Services	-	239,033	239,033
Other Support Services	77,011	-	77,011
Capital Outlay	253,861	-	253,861
Debt Service	98,945	-	98,945
TOTAL EXPENDITURES	<u>3,377,662</u>	<u>337,080</u>	<u>3,714,742</u>
Excess (deficiency) of revenues over expenditures	<u>314,869</u>	<u>(46,900)</u>	<u>267,969</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	102,838	-	102,838
Transfers From Other Funds	-	65,000	65,000
Transfers To Other Funds	(65,000)	-	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>37,838</u>	<u>65,000</u>	<u>102,838</u>
Net Change in Fund Balance	352,707	18,100	370,807
Fund Balance, Beginning of Year	<u>524,807</u>	<u>22,220</u>	<u>547,027</u>
Fund Balance, End of Year	<u>\$ 877,514</u>	<u>\$ 40,320</u>	<u>\$ 917,834</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
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

Net change in fund balances - total governmental funds **\$ 370,807**

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

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 activity in the capital assets in the current period.

Capital asset additions	\$ 261,219	
Depreciation expense	<u>(201,081)</u>	60,138

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Lease Proceeds	\$ (102,838)	
Principal payments on lease purchase agreements	<u>76,683</u>	(26,155)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences		6,624
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.

(147,571)

Change in net position of governmental activities		<u><u>\$ 263,843</u></u>
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SIERRA GRANDE SCHOOL DISTRICT R-30
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2016

	<u>STUDENT ACTIVITY AGENCY FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ 48,543
TOTAL ASSETS	<u>\$ 48,543</u>
LIABILITIES	
Due to Student Activities	\$ 48,543
TOTAL LIABILITIES	<u>\$ 48,543</u>

The accompanying notes are an integral part of this financial statement.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Sierra Grande School District R-30 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the District. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District.

Based on the aforementioned criteria, the District has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the District as an agent for student organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities which are presented as internal balances and eliminated in the total primary government column.

ASSETS, DEFERRED OUFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2016 have been recorded in the financial statements as an asset and a corresponding deferred inflows of resources.

Receivables/Payables From Other District Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

USDA Commodities

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

Capital Assets

Capital Assets, which include land, land improvements, buildings, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	15-50
Buildings	10-50
Equipment	5-20
Vehicles	8-10

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Compensated Absences

Employees of the District may accumulate sick leave up to 60 days. Upon retirement from the District, an employee will receive one-half the certified substitute teacher's rate per day for each sick day accumulated. Employees leaving the District for any other reason will receive one-fourth the daily substitute rate for each sick day accumulated. A liability is accrued in the government-wide financial statements.

Unearned Grant Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

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

Certain amounts related to pensions must be deferred.

Pensions

The District 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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Sierra Grande School District R-30 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2016.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the District are as follows:

Cash in Banks	\$ 794,999
COLOTRUST Investments	107,898
Less: amounts related to the Agency Fund	<u>(48,543)</u>
 Total cash, deposits, and investments on the Statement of Net Position	 <u><u>\$ 854,354</u></u>

Cash and Deposits

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% to the aggregate uninsured deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$657,789 of the District's bank balance of \$907,789 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Investments

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

The District invested \$107,898 in the Colorado Government Liquid Asset Trust (COLOTRUST), a money market investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State Statutes governing COLOTRUST. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by the U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. COLOTRUST is rated AAAM by Standard and Poors, and maintains a constant net asset value of \$1 per share. Financial statements for COLOTRUST are available at www.colotrust.com.

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

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes limit investments in U.S. Agency securities to the highest rating issued by National Recognized Statistical Rating Organizations (NRSROs).

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has not established a policy limiting the investment in any type of security and deems it unnecessary at this time.

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2016, the District had an estimated property tax receivable of \$198,508.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of June 30, 2016, the District had \$220,171 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2016, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 13,457
General Fund	Governmental Designated Purpose Grants Fund	10,247
Total		<u>\$ 23,704</u>

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Student Activity Fund	General Fund	\$ 20,000
Food Service Fund	General Fund	45,000
Total		<u>\$ 65,000</u>

The General Fund transferred funds into the Student Activity Fund and Food Service Fund to subsidize these funds.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

<i>Governmental Activities</i>	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Capital assets not being depreciated				
Land	\$ 259,753	\$ -	\$ -	\$ 259,753
Construction In Progress	22,763	151,023	-	173,786
Total capital assets not being depreciated	<u>282,516</u>	<u>151,023</u>	<u>-</u>	<u>433,539</u>
Capital assets being depreciated				
Land improvements	5,845	-	-	5,845
Buildings	7,376,227	-	-	7,376,227
Equipment	552,568	7,358	-	559,926
Vehicles	593,774	102,838	-	696,612
Total capital assets being depreciated	<u>8,528,414</u>	<u>110,196</u>	<u>-</u>	<u>8,638,610</u>
Less accumulated depreciation for:				
Land improvements	2,044	292	-	2,336
Buildings	3,035,100	152,168	-	3,187,268
Equipment	449,774	18,746	-	468,520
Vehicles	553,071	29,875	-	582,946
Total accumulated depreciation	<u>4,039,989</u>	<u>201,081</u>	<u>-</u>	<u>4,241,070</u>
Total Capital Assets being depreciated, net	<u>4,488,425</u>	<u>(90,885)</u>	<u>-</u>	<u>4,397,540</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,770,941</u>	<u>\$ 60,138</u>	<u>\$ -</u>	<u>\$ 4,831,079</u>

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

<i>Governmental activities:</i>	
Instructional Program	\$ 162,715
Instructional Staff Support Services	2,961
Operations and Maintenance of Plant Services	2,324
Student Transportation Services	29,875
Food Services	3,206
Total depreciation expense – governmental activities	<u>\$ 201,081</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$267,684.

NOTE 9 OPERATING LEASES

The District has entered into several operating lease arrangements for several copy machines. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$37,663.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 SHORT-TERM LIABILITIES

Changes in Short-Term Liabilities

Short-term liability balance for the year ended June 30, 2016, was as follows:

	Beginning Balance 6/30/2015	Additions	Deletions	Ending Balance 6/30/2016
<i>Governmental Activities:</i>				
Colorado School District Interest - Free Loan Program	\$ -	747,500	(747,500)	-
	\$ -	747,500	(747,500)	-

Colorado School District Interest-Free Loan Program

The District borrowed \$747,500 under the State Treasurer's Colorado School District Interest-Free Loan Program in order to provide cash flow during the fiscal year. The loan was repaid during the fiscal year ended June 30, 2016.

NOTE 11 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2016, were as follows:

	Beginning Balance 6/30/2015	Additions	Deletions	Ending Balance 6/30/2016	Due Within One Year
<i>Governmental Activities:</i>					
Lease Purchase Agreements	\$ 451,055	\$ 102,838	\$ (76,683)	\$ 477,210	\$ 78,359
Compensated Absences	38,885	-	(6,624)	32,261	-
Total	\$ 489,940	\$ 102,838	\$ (83,307)	\$ 509,471	\$ 78,359

Lease Purchase Agreement

The District entered into a \$600,000 lease purchase agreement with First Southwest Bank, payable in annual installments of \$76,733, beginning May 31, 2013, at 4.50% interest, for building improvements incurred by the District. The District received a BEST Grant in the amount of \$803,531 to replace the roof and to perform additional building improvements. The proceeds from this lease were used as the District's match for the BEST Grant. The final payment is due May 31, 2022. The lease is collateralized by five buses recorded in capital assets of the government-wide financial statements at \$304,565 less accumulated depreciation of \$304,565. The principal balance at June 30, 2016 was \$394,958.

Lease Purchase Agreement

The District entered into a \$102,838 lease purchase agreement with San Luis Valley Federal Bank, payable in annual installments of \$22,155, beginning March 30, 2016, at 3.05% interest, for the purchase of a 2016 Blue Bird Vision 71 Passenger School Bus. The final payment is due March 30, 2020. The lease is collateralized by the Blue Bird bus itself, recorded in capital assets of the government-wide financial statements at \$102,838 less accumulated depreciation of \$12,855. The principal balance at June 30, 2016 was \$82,252.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

The future minimum lease payments are as follows:

	Principal	Interest	Total
FY 2017	\$ 78,359	\$ 20,529	\$ 98,888
FY 2018	81,637	17,250	98,887
FY 2019	85,055	13,832	98,887
FY 2020	88,593	10,294	98,887
FY 2021	70,182	6,550	76,732
FY 2022	73,384	3,348	76,732
	<u>\$ 477,210</u>	<u>\$ 71,803</u>	<u>\$ 549,013</u>

NOTE 12 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the District 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/investments/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. § 24-51-602, 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.

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 receive an annual increase of 2

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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.

Contributions. Eligible employees and the District 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,	
	2016	2015
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	-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 ¹	4.50%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	17.33%

¹Rates 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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$313,647, 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 District reported a liability of \$6,154,908 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 District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, District's proportion was 0.0402 percent, which was a decrease of 0.002 percent from its proportion measured as of December 31, 2014.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

For the year ended June 30, 2016 the District recognized pension expense of \$147,571. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 81,276	\$ 270
Net difference between projected and actual earnings on pension plan investments	528,487	-
Changes in assumptions and other inputs	-	86,980
Changes in proportion	-	349,894
Differences between contributions recognized and proportionate share of contributions	693	-
Contributions subsequent to the measurement date	166,203	-
Total	\$ 776,659	\$ 437,144

\$166,203 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, 2017. 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,	
2017	\$ (20,758)
2018	1,861
2019	84,893
2020	107,317
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

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.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 valuation 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 November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

* 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%.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- 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.
- 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Sensitivity of the District's 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-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 7,978,560	\$ 6,154,908	\$ 4,637,970

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.

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The District 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 District 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 District 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 District contributions to the HCTF were \$18,029, \$18,038 and \$18,336, respectively, equal to their required contributions for each year.

NOTE 14 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description - Employees of the District 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.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, employer contributions and investment earnings. For the year ended June 30, 2016 program members contributed \$9,776 for the Voluntary Investment Program.

NOTE 15 JOINT VENTURES AND RELATED PARTIES

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

San Luis Valley 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 Board of BOCES is selected from the elected members of the District Boards. 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 approximately 7% at June 30, 2016. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' 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, and other coverage. The Board of Directors is composed of eight persons, several of who 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 General 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. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 16 COMMITMENTS AND CONTINGENCIES

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 17 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996, the registered voters approved a ballot question which stated that the District is authorized to collect, retain and expend all revenues including grants and other funds collected during 1996 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve is presented as a restricted fund balance on the General Fund balance sheet and a restricted net position on the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 18 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from the Colorado School Districts Self-Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Self Funded Health Insurance Program

Healthcare Claims Incurred But Not Reported

The District has a self-funded health reimbursement program to reduce employee deductible from primary health insurance plan, accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss had occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

SIERRA GRANDE SCHOOL DISTRICT R-30
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

At June 30, the amount of these liabilities was \$0. This liability is the District's best estimate based on the available information. Changes in liability amounts in fiscal year 2016 were as follows:

	2016
Claims liability at beginning of year	\$ -
Current year claims and changes in estimates	11,845
Claims payments	(11,845)
Claims liability at end of year	\$ -

NOTE 19 PUPIL ACTIVITY AGENCY FUND BUDGET AND ACTUAL

The District is required by the Colorado School District Budget Law to budget for the District's Pupil Activity Agency Fund in accordance with GAAP. However, there is not a statement of revenues, expenses and changes in net position for agency funds to report the budget information, because agency funds do not recognize revenues, expenses or net position in accordance with GAAP.

Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2016 are presented below:

	Budgeted Amounts		Actual	Variance
	Original	Final		
Beginning Balance of Pupil Activity Receipts	\$ 50,000	\$ 50,000	\$ 49,110	\$ (890)
Agency Fund Receipts	60,000	60,000	65,788	5,788
Agency Fund Disbursements	(110,000)	(110,000)	(66,355)	43,645
Ending Balance of Pupil Activity Deposits	\$ -	\$ -	\$ 48,543	\$ 48,543

SIERRA GRANDE SCHOOL DISTRICT R-30

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the District's major special revenue funds. In addition, pension plan contributions and the District's proportionate share of the net pension liability are required to supplement the basic financial statements.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 2,273,672	\$ 2,354,775	\$ 2,143,556	\$ (211,219)
State Sources	1,049,364	1,154,160	1,443,767	289,607
Federal Sources	102,948	100,998	105,208	4,210
TOTAL REVENUES	3,425,984	3,609,933	3,692,531	82,598
EXPENDITURES				
Instructional Program	1,543,714	1,593,850	1,529,134	64,716
Student Support Services	162,074	162,099	158,235	3,864
Instructional Staff Support Services	201,548	208,898	165,805	43,093
General Administration Support Services	294,193	299,413	283,461	15,952
School Administration Support Services	263,003	269,909	282,347	(12,438)
Business Support Services	59,061	59,061	46,539	12,522
Operations and Maintenance of Plant Services	356,815	356,815	321,909	34,906
Student Transportation Services	185,847	186,247	160,415	25,832
Other Support Services	88,700	88,700	77,011	11,689
Capital Outlay	175,000	256,756	253,861	2,895
Debt Service	79,400	101,556	98,945	2,611
Reserves	411,629	411,629	-	411,629
TOTAL EXPENDITURES	3,820,984	3,994,933	3,377,662	617,271
Excess (deficiency) of revenues over expenditures	(395,000)	(385,000)	314,869	699,869
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	102,838	102,838
Transfers to Other Funds	(55,000)	(65,000)	(65,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(55,000)	(65,000)	37,838	102,838
Net change in fund balance	(450,000)	(450,000)	352,707	802,707
Fund Balance, Beginning of Year	450,000	450,000	524,807	74,807
Fund Balance, End of Year	\$ -	\$ -	\$ 877,514	\$ 877,514

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2016	2015	2014
District's proportion of the net pension liability	0.0402431670%	0.0424451519%	0.0446345470%
District's proportionate share of the net pension liability (asset)	\$ 6,154,908	\$ 5,752,744	\$ 5,693,124
District's covered-employee payroll	\$ 1,767,531	\$ 1,768,452	\$ 1,797,673
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	348%	325%	317%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%	64.1%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 12 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCDTIF PENSION PLAN
For the Years Ended June 30,

	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 313,647	\$ 298,670	\$ 287,379	\$ 263,689	\$ 241,589	\$ 214,619	\$ 210,218	\$ 198,225	\$ 185,236
Contributions in relation to the contractually required contribution	(313,647)	(298,670)	(287,379)	(263,689)	(241,589)	(214,619)	(210,218)	(198,225)	(185,236)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	1,767,531	1,768,452	1,797,673	1,756,162	1,650,356	1,615,550	1,696,716	1,725,464	1,753,698
Contributions as a percentage of covered-employee payroll	17.74%	16.89%	15.99%	15.02%	14.64%	13.28%	12.39%	11.49%	10.56%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

Notes to Required Supplementary Information:

See Note 12 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

SIERRA GRANDE SCHOOL DISTRICT R-30

SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

**SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Food Service Fund – This fund is used to account for the operations of the school breakfast and lunch programs. Revenues are derived from District contributions and student and adult charges.

Governmental Designated Purpose Grants Fund – This fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.

Student Activity Fund – This fund is used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenue from pupils, gate receipts, and other fundraising activities.

SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	SPECIAL REVENUE FUNDS			
	GOVERNMENTAL			TOTAL NONMAJOR GOVERNMENTAL
	FOOD SERVICE FUND	DESIGNATED PURPOSE GRANTS FUND	STUDENT ACTIVITY FUND	
ASSETS				
Cash and Cash Equivalents	\$ 5,932	\$ -	\$ 18,064	\$ 23,996
Due From Other Funds	13,457	-	-	13,457
Due From Other Governments	2,090	16,715	-	18,805
Inventory	4,957	-	-	4,957
TOTAL ASSETS	\$ 26,436	\$ 16,715	\$ 18,064	\$ 61,215
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	10,247	-	10,247
Accrued Salaries and Benefits	6,886	3,762	-	10,648
TOTAL LIABILITIES	6,886	14,009	-	20,895
FUND BALANCE				
Nonspendable	4,957	-	-	4,957
Committed				
Grant Program	-	2,706	-	2,706
Pupil Activities	-	-	18,064	18,064
Assigned	14,593	-	-	14,593
TOTAL FUND BALANCE	19,550	2,706	18,064	40,320
TOTAL LIABILITIES AND FUND BALANCE	\$ 26,436	\$ 16,715	\$ 18,064	\$ 61,215

SIERRA GRANDE SCHOOL DISTRICT R-30
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>GOVERNMENTAL</u>			
	<u>DESIGNATED</u>			
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>PURPOSE</u> <u>GRANTS</u> <u>FUND</u>	<u>STUDENT</u> <u>ACTIVITY</u> <u>FUND</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>GOVERNMENTAL</u>
REVENUES				
Local Sources	\$ 36,912	\$ -	\$ 42,249	\$ 79,161
State Sources	1,271	6,119	-	7,390
Federal Sources	171,954	31,675	-	203,629
TOTAL REVENUES	<u>210,137</u>	<u>37,794</u>	<u>42,249</u>	<u>290,180</u>
EXPENDITURES				
Instructional Program	-	6,261	60,113	66,374
Instructional Staff Support Services	-	31,673	-	31,673
Food Services	239,033	-	-	239,033
TOTAL EXPENDITURES	<u>239,033</u>	<u>37,934</u>	<u>60,113</u>	<u>337,080</u>
Excess (deficiency) of revenues over expenditures	<u>(28,896)</u>	<u>(140)</u>	<u>(17,864)</u>	<u>(46,900)</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	45,000	-	20,000	65,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,000</u>	<u>-</u>	<u>20,000</u>	<u>65,000</u>
Net Change in Fund Balance	16,104	(140)	2,136	18,100
Fund Balance, Beginning of Year	<u>3,446</u>	<u>2,846</u>	<u>15,928</u>	<u>22,220</u>
Fund Balance, End of Year	<u>\$ 19,550</u>	<u>\$ 2,706</u>	<u>\$ 18,064</u>	<u>\$ 40,320</u>

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 44,550	\$ 47,550	\$ 36,912	\$ (10,638)
State Sources	3,000	3,000	1,271	(1,729)
Federal Sources	156,720	156,720	171,954	15,234
TOTAL REVENUES	204,270	207,270	210,137	2,867
EXPENDITURES				
Food Services				
Salaries	73,021	73,021	73,281	(260)
Fringe Benefits	24,934	24,934	20,655	4,279
Purchased Services	1,200	1,400	2,647	(1,247)
Food and Commodities	140,765	152,165	140,298	11,867
Other Purchase Services	850	2,250	2,152	98
TOTAL EXPENDITURES	240,770	253,770	239,033	14,737
Excess (deficiency) of revenues over expenditures	(36,500)	(46,500)	(28,896)	17,604
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	35,000	45,000	45,000	-
TOTAL OTHER FINANCING SOURCES (USES)	35,000	45,000	45,000	-
Net change in fund balance	(1,500)	(1,500)	16,104	17,604
Fund Balance, Beginning of Year	1,500	1,500	3,446	1,946
Fund Balance, End of Year	\$ -	\$ -	\$ 19,550	\$ 19,550

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL DESIGNATED PURPOSE GRANTS FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
State Sources	\$ 7,500	\$ 7,500	\$ 6,119	\$ (1,381)
Federal Sources	34,010	33,201	31,675	(1,526)
TOTAL REVENUES	<u>41,510</u>	<u>40,701</u>	<u>37,794</u>	<u>(2,907)</u>
EXPENDITURES				
Instructional Program	8,700	8,700	6,261	2,439
Instructional Staff Support Services	33,010	32,201	31,673	528
TOTAL EXPENDITURES	<u>41,710</u>	<u>40,901</u>	<u>37,934</u>	<u>2,967</u>
Net change in fund balance	(200)	(200)	(140)	60
Fund Balance, Beginning of Year	<u>200</u>	<u>200</u>	<u>2,846</u>	<u>2,646</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,706</u>	<u>\$ 2,706</u>

SIERRA GRANDE SCHOOL DISTRICT R-30
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources				
Student Athletics and Activities	\$ 47,000	\$ 47,000	\$ 42,175	\$ (4,825)
Interest on Investments	100	100	74	(26)
TOTAL REVENUES	<u>47,100</u>	<u>47,100</u>	<u>42,249</u>	<u>(4,851)</u>
EXPENDITURES				
Instructional Program	<u>72,100</u>	<u>72,100</u>	<u>60,113</u>	<u>11,987</u>
TOTAL EXPENDITURES	<u>72,100</u>	<u>72,100</u>	<u>60,113</u>	<u>11,987</u>
Excess (deficiency) of revenues over expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(17,864)</u>	<u>7,136</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(5,000)	(5,000)	2,136	7,136
Fund Balance, Beginning of Year	<u>5,000</u>	<u>5,000</u>	<u>15,928</u>	<u>10,928</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,064</u>	<u>\$ 18,064</u>

SIERRA GRANDE SCHOOL DISTRICT R-30

CDE COMPLIANCE SECTION



Wall,
Smith,
Bateman Inc.

To the Board of Education
Sierra Grande School District R-30
Blanca, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Grande School District R-30 (the District), as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 12, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the Colorado Department of Education Financial Policies and Procedures Manual insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

December 12, 2016

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com



Colorado Department of Education
Auditors Integrity Report
 District: 0740 - SIERRA GRANDE R-30
 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	524,808		3,617,388		3,264,680		877,516
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		112,981		112,981		0
Sub-Total	524,808		3,730,369		3,377,661		877,516
11 Charter School Fund	0		0		0		0
20.26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	3,446		255,137		239,032		19,551
22 Govt Designated-Purpose Grants Fund	2,845		37,795		37,935		2,705
23 Pupil Activity Special Revenue Fund	15,928		62,249		60,113		18,064
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
Totals	547,027		4,085,550		3,714,741		917,836
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60.65-69 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	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	48,110		65,788		66,355		48,543
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	48,110		65,788		66,355		48,543
FINAL							48,543

*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.