

SALIDA DEL SOL ACADEMY
Greeley, Colorado

FINANCIAL STATEMENTS
June 30, 2015

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	i
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	4
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	6
Notes to Basic Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund.....	21
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Salida del Sol Academy Building Corporation	22
Schedule of the School's Proportionate Share of the Net Pension Liability.....	23
Schedule of Contributions and Related Ratios	24
Notes to Required Supplementary Information	25

INDEPENDENT AUDITORS' REPORT

Board of Directors
Salida del Sol Academy
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the discretely presented component unit of Salida del Sol Academy, a component unit of Weld County School District 6, as of and for the year ended June 30, 2015, which collectively comprise Salida del Sol Academy'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 discretely presented component unit of Salida del Sol Academy as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 2 to the financial statements, Salida del Sol Academy adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. As this was the first year of operations for Salida del Sol Academy, there was no restatement related to implementation of GASB Statement No. 68. Our opinions were not modified with respect to this implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21 – 22 and the pension schedules on pages 23 - 24 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.



CliftonLarsonAllen LLP

Broomfield, Colorado
November 20, 2015

BASIC FINANCIAL STATEMENTS

**SALIDA DEL SOL ACADEMY
STATEMENT OF NET POSITION
June 30, 2015**

	Governmental Activities	Component Unit Salida del Sol Academy Foundation
ASSETS		
Cash	\$ 353,638	\$ 15,188
Restricted cash	1,040,547	-
Intergovernmental receivable	132,428	-
Prepaid items	-	-
Due from component unit	7,521	-
Pledges receivable	-	50,000
Capital assets, not being depreciated	601,241	-
Capital assets, depreciated, net of accumulated depreciation	9,342,495	-
TOTAL ASSETS	11,477,870	65,188
DEFERRED OUTFLOWS OF RESOURCES		
Contributions subsequent to measurement date	186,217	-
Change in investment earnings	138,586	-
Change in proportionate share	4,138,539	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,463,342	-
LIABILITIES		
Accounts payable and accrued expenses	45,842	-
Due to primary government	-	7,521
Accrued salaries and benefits	226,744	-
Accrued interest	27,235	-
Unearned revenue	5,055	-
Noncurrent liabilities		
Due within one year	-	-
Due in more than one year	12,390,000	-
Net pension liability	6,026,323	-
TOTAL LIABILITIES	18,721,199	7,521
DEFERRED INFLOWS OF RESOURCES		
Change in experience	450	-
TOTAL DEFERRED INFLOWS OF RESOURCES	450	-
NET POSITION		
Net investment in capital assets	(1,531,864)	-
Restricted for:		
Emergencies	140,542	-
Donations	-	57,667
Debt service	1,204,645	-
Unrestricted	(2,593,760)	-
TOTAL NET POSITION	\$ (2,780,437)	\$ 57,667

The accompanying notes are an integral part of the financial statements

**SALIDA DEL SOL ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

	Net (Expenses) Revenues and Changes in Net Position				
	Program Revenues			Component Unit	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Salida del Sol Academy Foundation
Governmental activities					
Instructional	\$ 6,534,270	\$ 463,843	\$ 102,117	\$ (5,968,310)	
Support Services	881,633	-	-	(881,633)	
Interest on long-term debt	1,045,540	-	-	(1,045,540)	
Total governmental activities	<u>\$ 8,461,443</u>	<u>\$ 463,843</u>	<u>\$ 102,117</u>	(7,895,483)	
Component unit					
Salida del Sol Academy Foundation	<u>\$ 16,021</u>	<u>\$ 73,688</u>	<u>\$ -</u>		\$ 57,667
		GENERAL REVENUES			
				4,203,926	-
				257	-
				876,356	-
		TOTAL GENERAL REVENUES			-
				5,080,539	-
		CHANGE IN NET POSITION			57,667
				(2,814,944)	
		Net position, beginning			-
				34,507	
		Net position, ending			57,667
				<u>\$ (2,780,437)</u>	<u>\$ 57,667</u>

The accompanying notes are an integral part of the financial statements

**SALIDA DEL SOL ACADEMY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015**

	<u>General</u>	<u>Building Corporation</u>	<u>Total</u>
ASSETS			
Cash	\$ 214,904	\$ 138,734	\$ 353,638
Restricted cash	-	1,040,547	1,040,547
Intergovernmental receivables	132,428	-	132,428
Prepaid items	-	-	-
Due from other funds	-	64,655	64,655
Due from the Salida del Sol Academy Foundation	2,661	4,860	7,521
TOTAL ASSETS	<u>\$ 349,993</u>	<u>\$ 1,248,796</u>	<u>\$ 1,598,789</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 28,926	\$ 16,916	\$ 45,842
Accrued salaries and benefits	226,744	-	226,744
Due to other funds	64,655	-	64,655
Unearned revenue	5,055	-	5,055
TOTAL LIABILITIES	<u>325,380</u>	<u>16,916</u>	<u>342,296</u>
FUND BALANCES			
Restricted	140,542	1,231,880	1,372,422
Unassigned	(115,929)	-	(115,929)
TOTAL FUND BALANCES	<u>24,613</u>	<u>1,231,880</u>	<u>1,256,493</u>
			-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 349,993</u>	<u>\$ 1,248,796</u>	<u>\$ 1,598,789</u>

The accompanying notes are an integral part of the financial statements

**SALIDA DEL SOL ACADEMY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2015**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds		\$ 1,256,493
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$10,230,583 and accumulated depreciation is \$286,847.		9,943,736
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	(12,390,000)	
Accrued interest on bonds payable	(27,235)	
Net pension liability	(6,026,323)	(18,443,558)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Contributions subsequent to measurement date	186,217	
Change in investment earnings	138,586	
Change in proportionate share	4,138,539	4,463,342
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Change in experience		(450)
Total net position		\$ (2,780,437)

The accompanying notes are an integral part of the financial statements

**SALIDA DEL SOL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Building Corporation</u>	<u>Total</u>
REVENUES			
Per pupil funding	\$ 4,203,926	\$ -	\$ 4,203,926
Rental income	-	738,795	738,795
Local sources	165,816	-	165,816
State and federal sources	400,144	-	400,144
Other income	32,037	844,319	876,356
Interest income	228	29	257
TOTAL REVENUES	<u>4,802,151</u>	<u>1,583,143</u>	<u>6,385,294</u>
EXPENDITURES			
Current:			
Instruction	3,188,705	1,495,287	4,683,992
Support services	1,588,838	31,590	1,620,428
Capital outlay	-	3,618,636	3,618,636
Debt service			
Principal	-	187,515	187,515
Issuance costs	-	564,194	564,194
Fiscal fees	-	11,438	11,438
Interest	-	473,810	473,810
TOTAL EXPENDITURES	<u>4,777,543</u>	<u>6,382,470</u>	<u>11,160,013</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	18,620,598	18,620,598
Payments to escrow agent	-	(10,726,485)	(10,726,485)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>7,894,113</u>	<u>7,894,113</u>
NET CHANGE IN FUND BALANCE	24,608	3,094,786	3,119,394
FUND BALANCE, Beginning	<u>5</u>	<u>(1,862,906)</u>	<u>(1,862,901)</u>
FUND BALANCE, Ending	<u>\$ 24,613</u>	<u>\$ 1,231,880</u>	<u>\$ 1,256,493</u>

The accompanying notes are an integral part of the financial statements

SALIDA DEL SOL ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Net change in fund balance - governmental funds		\$ 3,119,394
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (3,618,636) exceeded depreciation expense (\$286,847).		3,331,789
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Notes payable		10,914,000
Interest is paid when due in the governmental funds but recorded when payable in the statement of activities		3,902
Governmental funds report debt proceeds as a financing source. The Statement of Net Position records these as a long-term payable.		(18,620,598)
Some items 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. The (increases) decreases in these activities consist of:		
Change in contributions subsequent to measurement date	186,217	
Pension expense	(522,899)	
Pension expense (first year amortization)	(1,532,792)	
Employer contribution expense	<u>306,043</u>	<u>(1,563,431)</u>
Change in net position		<u>\$ (2,814,944)</u>

The accompanying notes are an integral part of the financial statements

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Salida del Sol Academy (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2014), there were 598 FTE students enrolled in the School. The PPR rate for the fiscal year ended June 30, 2015, was approximately \$7,000.

The accompanying financial statements present the School and its component unit, an entity for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The Salida del Sol Academy Building Corporation (the Building Corporation) meets the requirements for blending.

The Building Corporation was established for the purpose of owning the school facilities and to accumulate resources from the collection of rents from the School to make payments for the Building Corporation's capital and debt service costs. The Building Corporation does not issue separate financial statements.

The School also includes the Salida del Sol Academy Foundation (the Foundation), within its reporting entity. This is a non-profit organization formed to bring together the School's parents and staff, as well as the community at large, in support of the School. The Foundation is a discretely presented component unit presented in the School's financial statements. Separate financial statements are not issued.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the School's government-wide statements. Major individual funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

Major Government Funds

General Fund: The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue – Salida del Sol Academy Building Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Building Corporation.

SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds. Investments are carried at fair value.

Capital Assets

Capital assets purchased by the Building Corporation, which include land, buildings and building improvements, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506). Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and a useful life in excess of one year.

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 10 to 50 years.

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School has two types of items classified as deferred outflows of resources related to the implementation of GASB No. 68 and GASB No. 71: 1) contributions subsequent to measurement date; 2) change in investment earnings; and 3) change in proportionate share. See Note 10 for additional information.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$226,744.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2015. Due to the implementation of GASB No. 68, the School is required to report their proportionate share of PERA's unfunded pension liability. See Note 10 for additional information.

SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School had two items, which are classified as a deferred inflow of resources due to the implementation of GASB No. 68: 1) change in experience. See Note 10 for additional information.

Net Position/Fund Balance

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

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

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

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

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

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

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

NOTE 2 – NET POSITION

For the year ended June 30, 2015, the School adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB No. 68)*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, which are effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 68 requires cost-sharing employer participating in the PERA program, to record their proportionate share, as defined in GASB

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 – RESTATEMENT OF NET POSITION (CONTINUED)

No. 68, of PERA's unfunded pension liability. For the School, fiscal year 2015 is the first year of operations for financial statement presentation purposes.

The effect of implementing this standard is to show how reports the net pension liability. This activity is reflected in ending net position.

NOTE 3 – CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2015, the School's carrying amount of deposits was \$353,638. At June 30, 2015, the Salida del Sol Academy Foundation's carrying amount of deposits was \$15,188.

Salida del Sol Academy Building Corporation

The bonds require the Building Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly rent payments from the School (Note 6) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

At June 30, 2015, \$1,040,547 is held in reserved accounts required by the bond agreements, which is to be used for payment of principal and interest on the bonds.

Credit Risk – The School does not hold investments. The cash and investment reserve accounts owned by the Building Corporation are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by the Building Corporation; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

At June 30, 2015, the Building Corporation's investments consisted of cash and money market funds, the money market funds do not have a credit rating.

Interest rate risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not depreciated				
Land	\$ 601,241	\$ -	\$ -	\$ 601,241
Construction in progress	6,010,706	3,441,221	9,451,927	-
Total capital assets, not being depreciated	<u>6,611,947</u>	<u>3,441,221</u>	<u>9,451,927</u>	<u>601,241</u>
Buildings and building improvements	-	9,451,927	-	9,451,927
Furniture and equipment	-	156,919	-	156,919
Software	-	20,496	-	20,496
Total capital assets, being depreciated	<u>-</u>	<u>9,629,342</u>	<u>-</u>	<u>9,629,342</u>
Accumulated depreciation:				
Buildings and building improvements	-	(262,554)	-	(262,554)
Furniture and equipment	-	(18,619)	-	(18,619)
Software	-	(5,674)	-	(5,674)
Total accumulated depreciation	<u>-</u>	<u>(286,847)</u>	<u>-</u>	<u>(286,847)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>9,342,495</u>	<u>-</u>	<u>9,342,495</u>
Total capital assets	<u>\$ 6,611,947</u>	<u>\$ 12,783,716</u>	<u>\$ 9,451,927</u>	<u>\$ 9,943,736</u>

Depreciation expense of \$286,847 was charged to the instruction function/program of the School.

NOTE 5 – BONDS PAYABLE

On June 12, 2015, the Colorado Educational and Cultural Facilities Authority (the Authority) issued its Charter School Refunding Revenue Bonds as the Salida del Sol Academy Project, Series 2015, in the amount of \$12,390,000. The bonds were issued for the Salida del Sol Academy Building Corporation's use in refinancing certain outstanding debt of the Building Corporation used to finance the acquisition, construction improvement and equipping of the educational facilities of the Building Corporation, to fund a debt service reserve fund for the Series 2015 bonds, to fund capitalized interest on the Series 2015 bonds, and pay the cost of issuance of the Series 2015 bonds. The Authority and Building Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Building Corporation. The series 2015 bonds mature in 2045 with a 6% interest rate.

This transaction refunded the outstanding debt of the Building Corporation, which was comprised of the following: (1) the Vectra Bank Colorado, National Association Promissory Note originally issued for \$7,189,000 on May 20, 2014, (2) the Golden Eye Investments, LLC Promissory Note originally issued for \$3,400,000 on October 1, 2014, and (3) the Bank of Colorado Promissory Note issued for \$300,000 on June 27, 2014.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 – BONDS PAYABLE (CONTINUED)

The Building Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 6. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, \$27,895,585.

One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was \$738,795 for the year ended June 30, 2015.

Charter School Refunding Revenue Bonds dated June 12, 2015, due in annual installments ranging from \$75,000 to \$1,725,000 through June 2045; interest rate at 6% payable semi-annually on December 1 and June 1. Revenue from the rental of the building (Note 5) has been pledged to pay bond principal and interest.

Principal	\$ 12,390,000
Less current portion	-
Total	<u>\$ 12,390,000</u>

The following schedule represents the School's debt service requirements to maturity for outstanding revenue bonds at June 30, 2015:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2016	\$ -	\$ 720,685	\$ 720,685
June 30, 2017	75,000	743,400	818,400
June 30, 2018	75,000	738,900	813,900
June 30, 2019	180,000	734,400	914,400
June 30, 2020	190,000	723,600	913,600
June 30, 2021-2025	1,125,000	3,433,800	4,558,800
June 30, 2026-2030	1,505,000	3,053,400	4,558,400
2031-2035	2,015,000	2,543,700	4,558,700
2036-2040	2,695,000	1,863,000	4,558,000
2041-2045	4,530,000	950,700	5,480,700
	<u>\$ 12,390,000</u>	<u>\$ 15,505,585</u>	<u>\$ 27,895,585</u>

Bonds payable consisted of the following at June 30, 2015:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ -	\$ 12,390,000	\$ -	\$ 12,390,000	\$ -
Vectra Bank Note	1,558,402	5,630,598	7,189,000	-	-
Roche Contractors, Inc. Note	25,000	-	25,000	-	-
Bank of Colorado Note	300,000	-	300,000	-	-
Golden Eye Investments, LLC Note	2,800,000	600,000	3,400,000	-	-
	<u>\$ 4,683,402</u>	<u>\$ 18,620,598</u>	<u>\$ 10,914,000</u>	<u>\$ 12,390,000</u>	<u>\$ -</u>

SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – LEASES

The School leases its building from the Building Corporation. The lease requires monthly payments, which approximate the Building Corporation's required payments on the bonds (Note 5) and may be terminated in any year by non-appropriation of funds. The Building Corporation has pledged the lease payments to pay bond principal and interest.

Rent expense \$738,795 for the year ended June 30, 2015, and is included in support services expenditures.

The lease between the School (lessee) and Building Corporation (lessor) includes certain restrictive covenants related to expenditures and unrestricted cash balances. The School is in compliance with the covenants.

NOTE 7 – RISK MANAGEMENT

The school 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. The School carries commercial insurance for these and other risks of loss. Settled claims have not exceeded this coverage.

NOTE 8 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue. The 3% emergency reserve is still required both at the District and the School level. At June 30, 2015, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance.

The Building Corporation is required to hold funds in escrow accounts related to its bond obligations as identified in Note 3, net position/fund balance are restricted attributable to the restrictions on its cash and investments.

NOTE 9 – RELATED PARTY TRANSACTIONS

The construction company utilized for the building of the School's facilities is classified as a related party to the School as the president and chief executive officer of the construction company is also a board member of the School. \$9,427,734 was paid to the construction company relating to these activities. A \$25,000 promissory note was also given from the construction company to the School and repaid by the School during fiscal year 2015. Also, the School entered into promissory note with Golden Eye Investments, LLC (as discussed in Note 5), totaling \$3,400,000, which was refunded during fiscal year 2015. Golden Eye Investments, LLC is a related party of the construction company.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – DEFINED BENEFIT PENSION PLAN

The School 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/deletions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the School 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 are 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. Retirements are determined by the amount of service credit earned and/or purchases, 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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.

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

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

In all cases, the service retirement benefit is limited to 100% 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% or 100% 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.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% 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 of the School 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% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer Contribution Rate ¹	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 ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF ¹	16.43%	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 School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the School for the year ended June 30, 2015 was \$382,761.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the School reported a liability of \$6,026,323 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the School's proportion was 0.0444636881%, which was an increase of 0.0444636881% from its proportion measured as of December 31, 2013 as 2014 was the first year of operations for the School.

For the year ended June 30, 2015, the School recognized pension expense of \$2,055,691. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 450
Net difference between projected and actual earnings on pension plan investments	138,586	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,138,539	-
Contributions subsequent to the measurement date	<u>186,217</u>	<u>-</u>
Total	<u>\$ 4,463,342</u>	<u>\$ 450</u>

\$186,217 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2015	
2016	\$1,567,272
2017	\$1,567,272
2018	\$1,107,484
2019	\$34,647
2020	-
Thereafter	-

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 – 10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
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.

The actuarial assumptions used in the December 31, 2013 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.

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.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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.

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

Sensitivity of the School'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%, 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%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 7,946,258	\$ 6,026,323	\$ 4,419,306

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.

**SALIDA DEL SOL ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description – The School 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 School is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the 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 year ending June 30, 2015, the School's contributions to the HCTF was \$20,460, equal to their required contribution for the year.

NOTE 12 – LEGAL COMPLIANCE

The School may be in violation of state statutes as the expenditures for the General Fund exceeded appropriations by \$1,512,890 and the expenditures for the Building Corporation exceeded appropriations by \$5,755,515.

REQUIRED SUPPLEMENTARY INFORMATION

SALIDA DEL SOL ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Per pupil funding	\$ 3,644,756	\$ 3,644,756	\$ 4,203,926	\$ 559,170
Local sources	125,000	125,000	165,816	40,816
State and federal sources	215,162	215,162	400,144	184,982
Other income	-	-	32,037	32,037
Interest income	-	-	228	228
TOTAL REVENUES	<u>3,984,918</u>	<u>3,984,918</u>	<u>4,802,151</u>	<u>817,233</u>
EXPENDITURES				
Current				
Instruction	2,900,785	2,900,785	3,188,705	(287,920)
Support services	<u>363,868</u>	<u>363,868</u>	<u>1,588,838</u>	<u>(1,224,970)</u>
TOTAL EXPENDITURES	<u>3,264,653</u>	<u>3,264,653</u>	<u>4,777,543</u>	<u>(1,512,890)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>720,265</u>	<u>720,265</u>	<u>24,608</u>	<u>(695,657)</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
FUND BALANCE, Ending	<u>\$ 720,265</u>	<u>\$ 720,265</u>	<u>\$ 24,613</u>	<u>\$ (695,652)</u>

See accompanying Notes to the Required Supplementary Information.

SALIDA DEL SOL ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – SALIDA DEL SOL ACADEMY BUILDING CORPORATION
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Rental income	\$ -	\$ -	\$ 738,795	\$ 738,795
Other income	-	-	844,319	844,319
Interest income	-	-	29	29
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,583,143</u>	<u>1,583,143</u>
EXPENDITURES				
Current:				
Instruction	-	-	1,495,287	(1,495,287)
Support services	-	-	31,590	(31,590)
Capital outlay	-	-	3,618,636	(3,618,636)
Debt service				
Principal	626,955	626,955	187,515	439,440
Issuance costs	-	-	564,194	(564,194)
Fiscal fees	-	-	11,438	(11,438)
Interest	-	-	473,810	(473,810)
TOTAL EXPENDITURES	<u>626,955</u>	<u>626,955</u>	<u>6,382,470</u>	<u>(5,755,515)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(626,955)</u>	<u>(626,955)</u>	<u>(4,799,327)</u>	<u>(4,172,372)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	18,620,598	18,620,598
Payments to escrow agent	-	-	(10,726,485)	(10,726,485)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>7,894,113</u>	<u>7,894,113</u>
NET CHANGE IN FUND BALANCE	(626,955)	(626,955)	3,094,786	3,721,741
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>(1,862,906)</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ (626,955)</u>	<u>\$ (626,955)</u>	<u>\$ 1,231,880</u>	<u>\$ 3,721,741</u>

See accompanying Notes to the Required Supplementary Information.

**SALIDA DEL SOL ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years ***

	<u>2014</u>	<u>2013</u>
School's proportion (percentage) of the collective net pension liability (asset)	0.0000000000%	0.0000000000%
School's proportionate share of the collective pension liability (asset)	\$ 6,026,323	\$ -
Covered-employee payroll	931,355	-
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	647.05%	0.00%
Plan fiduciary net pension as a percentage of the total pension liability	62.80%	64.06%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available as this is the first year of reporting for the School.

See accompanying Notes to the Required Supplementary Information.

SALIDA DEL SOL ACADEMY
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
Last 10 Fiscal Years *

As of June 30,	<u>2015</u>
Statutorily required contributions	\$ 385,761
Contributions in relation to the statutorily required contribution	<u>385,761</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,005,888
Contribution as a percentage of covered-employee payroll	19.23%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier than fiscal year 2015 was not available as this is the first year of reporting for the School.

See accompanying Notes to the Required Supplementary Information.

SALIDA DEL SOL ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

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

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to obtain parents and other members of the public comment and recommendations.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget as adopted by the School's Board of Directors on May 6, 2015.
- h) All appropriations lapse at the end of each fiscal year.