

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY SCHOOL

DISTRICT RE-1

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2016



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DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2016**

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LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2016

BOARD OF EDUCATION

Paul Montera	President
Patrick Sandoval	Vice President
John Massarotti	Treasurer
Joe Terry	Secretary
Deborah Hartman	Member

SCHOOL OFFICIALS

Scott Mader	Superintendent
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Las Animas County School District Number RE-1
Trinidad, CO 81082**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through viii, 37 through 41 and 42 through 43 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 Las Animas County School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2016, on our consideration of Las Animas County School District Number RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Las Animas County School District Number RE-1's internal control over financial reporting and compliance.

Dixon, Waller & Co., Inc.
November 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Trinidad School District #1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

Las Animas County School District Number RE-1 (commonly known as Trinidad School District #1) is located in extreme southern Colorado along the I-25 corridor with a funded pupil count of 1,085.8 based on 5-year state averaging as of the October 1, 2015 compared to 1,148.2 the prior year.

FINANCIAL HIGHLIGHTS

Funding from the Public School Finance Act totaled \$9,358,123 for 2015-16 compared to \$9,205,124 the prior year. Public School Finance Act funding increased by \$152,999 due to an increase in per pupil funding offset by a decrease in enrollment by 62 students. Public School Finance Act funding makes up 82% of the District's governmental fund revenue reported on the Fund Financial Statements. The state share exclusive of property taxes collected at the local level is \$7,158,046 for 2015-16 compared to \$7,200,022 the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements consist of three components:

- 1) District-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains the required supplementary and other additional information in addition to the basic financial statements.

District-wide Financial Statements:

The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They consist of two statements:

- 1) The *Statement of Net Position* presents information on all of the District's assets, deferred flows and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- 2) The *Statement of Activities* presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are

reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental Activities – these activities are financed through local revenues including property taxes, state revenues made up primarily of state equalization under the Public School Finance Act, and grants from local, state and federal sources. Expenditures are classified by programs (also known as functions), which include instruction, student support, instructional staff support, district and school administration, business and central services, transportation, facilities operation and maintenance, food service, other support, capital outlay, debt service and amortization of pension costs.

Business Type Activities – for prior fiscal years these activities included the operations of the District's Food Service Fund (a proprietary fund) financed by meal reimbursements from the national school breakfast and lunch programs passed through the Colorado Department of Education, direct state support, meal charges for adults and students and transfers from the General Fund. For the current fiscal year, the District has no business type activities.

The two statements report the District's net position and changes in net position. The change in net position is important because it identifies whether the financial position of the district has improved or diminished as a whole. This change could be a result of many factors including state funding changes, enrollment levels, interest rates, facility conditions, unfunded mandated programs, and numerous other factors.

Fund Financial Statements:

A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories:

- Governmental funds,
- Proprietary funds, and
- Fiduciary funds.

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the district-wide financial statements. Unlike the district-wide financial statements, however, governmental fund financial statements 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 an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed *short-term* view of the District's general government operations and may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's

near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the *governmental fund* Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The District maintains five individual governmental funds including General Fund, Designated Purpose Grants Fund, Food Service Fund, Student Activities (Co-Curricular) Fund and the Debt Service Bond Redemption Fund. Information is presented separately in the *governmental funds* Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the District's *major funds*. Data from other non-major governmental funds are combined into a single, aggregated presentation. *Combining statements* for the individual non-major governmental funds are presented elsewhere in the report.

Proprietary funds: Proprietary funds are *Enterprise funds* used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District has no proprietary funds.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not reported in the district-wide financial statements because the resources of those funds are not available for the support of the District's own programs. The District uses an agency fund to account for the activities of the Student Activities Agency Fund (non co-curricular activities). Agency type funds differ from and should not be confused with governmental funds used to report co-curricular student activities.

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule is provided for each fund to demonstrate compliance with the budget.

DISTRICT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The *Statement of Net Position* presents information on all of the District's assets, liabilities and deferred flows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Comparative data for the 2015-16 and 2014-15 fiscal years are presented below.

	June 30, 2016	June 30, 2015	Net Change
Assets			
Current and other	\$ 4,560,442	\$ 4,581,631	\$ (21,189)
Capital (net)	\$ 7,666,835	\$ 7,884,647	\$ (217,812)
Total Assets	\$ 12,227,277	\$ 12,466,278	\$ (239,001)
Deferred Outflow of Resources			
Deferred Refunding	\$ 36,915	\$ 51,413	\$ (14,498)
Deferred Pension Cost- Entity	\$ 765,032	\$ -	\$ 765,032
Deferred Pension Cost- Plan	\$ 1,964,552	\$ 335,388	\$ 1,629,164
Deferred Pension - Subsequent Contributions	\$ 533,562	\$ 497,738	\$ 35,824
Total Deferred Outflow of Resources	\$ 3,300,061	\$ 884,539	\$ 2,415,522
Liabilities			
Current	\$ 1,247,522	\$ 993,721	\$ 253,801
Non-Current (debt)	\$ 24,065,330	\$ 21,267,363	\$ 2,797,967
Total Liabilities	\$ 25,312,852	\$ 22,261,084	\$ 3,051,768
Deferred Inflow of Resources			
Deferred Pension - Earnings Increase	\$ 978,611	\$ 1,014	\$ 977,597
Net Position			
Net Investment in Capital Assets	\$ 4,121,835	\$ 3,929,647	\$ 192,188
Restricted	\$ 1,149,773	\$ 1,131,972	\$ 17,801
Unrestricted	\$ (16,035,733)	\$ (13,972,900)	\$ (2,062,833)
Total Net Position	\$ (10,764,125)	\$ (8,911,281)	\$ (1,852,844)

Highlights from the Statement of Net Position

1. Cash and investments reported as current assets decreased by \$21,189 primarily due to an increase in grants receivable and a decrease in vendor payables at year end.
2. Capital assets decreased by the annual depreciation totaling \$424,269.
3. Noncurrent liabilities increased \$3,051,768 primarily due to the increase of the District's share of the PERA pension liability.
4. Deferred outflow of resources increased \$2,415,522 while deferred inflows increased \$977,597 for a net increase of \$1,437,925 the majority of which is due to pension costs.

Statement of Activities

The *Statement of Activities* presents information regarding how the District's net position changed during the fiscal year. Net position decreased \$748,768 as a result of operations during 2015-16 compared to \$582,542 the prior year.

Comparison of activities for the 2015-16 and 2014-15 fiscal years:

	Fiscal Year 2015-16	Fiscal Year 2014-15	Net Change
REVENUES & TRANSFERS			
PROGRAM REVENUES			
Charges for Services	\$ 86,905	\$ 168,876	\$ (81,971)
Operating Grants/Contributions	\$ 1,365,131	\$ 1,301,674	\$ 63,457
Capital Grants/Contributions	\$ 141,024	\$ -	\$ 141,024
GENERAL REVENUES			
Property Taxes	\$ 2,027,863	\$ 1,953,721	\$ 74,142
Specific Ownership Tax	\$ 288,295	\$ 324,865	\$ (36,570)
State Equalization	\$ 7,158,046	\$ 7,200,022	\$ (41,976)
Earnings on Investment	\$ 5,967	\$ 5,102	\$ 865
Other Revenues	\$ 336,486	\$ 208,829	\$ 127,657
Gain on Sale of Assets			\$ -
TRANSFERS	\$ -	\$ -	\$ -
Total Revenue & Transfers	\$ 11,409,717	\$ 11,163,089	\$ 246,628
EXPENDITURES			
INSTRUCTION	\$ 5,730,968	\$ 5,677,126	\$ 53,842
SUPPORT SERVICES			
Students	\$ 736,256	\$ 577,199	\$ 159,057
Instructional Staff	\$ 513,014	\$ 390,611	\$ 122,403
District Administration	\$ 348,481	\$ 275,820	\$ 72,661
School Administration	\$ 838,711	\$ 756,347	\$ 82,364
Business	\$ 324,455	\$ 285,997	\$ 38,458
Maintenance & Operations	\$ 1,152,353	\$ 1,003,483	\$ 148,870
Transportation	\$ 467,158	\$ 365,297	\$ 101,861
Central Support	\$ 388,256	\$ 346,478	\$ 41,778
Food Service	\$ 682,751	\$ 612,788	\$ 69,963
Other Support	\$ 74,249	\$ 53,260	\$ 20,989
Capital Outlay	\$ 2,000	\$ -	\$ 2,000
Interest on Long Term Debt	\$ 125,063	\$ 140,587	\$ (15,524)
Amortization of Pension Cost	\$ 774,770	\$ 95,364	\$ 679,406
Total Expenditures/Expense	\$ 12,158,485	\$ 10,580,357	\$ 1,578,128
Change in Net Position	\$ (748,768)	\$ 582,732	\$ (1,331,500)
Net Position - Beginning	\$ (8,911,281)	\$ (9,494,013)	\$ 582,732
Prior Period Adjustment	\$ (1,104,076)		\$ (1,104,076)
Net Position - Ending	\$ (10,764,125)	\$ (8,911,281)	\$ (1,852,844)

Upon implementation of GASB 68 the beginning net position increased \$582,732 to (\$8,911,281) from (\$9,494,013) at the end of the previous fiscal year.

GOVERNMENTAL ACTIVITIES

The primary source of operating revenue for the District is the Public School Finance Act whereby the District received per pupil funding of \$7,688.05 for 2015-16 compared to \$7,263 the prior year. The District's average funded pupil count for 2016-16 was 1068.1 compared to 1212.9 for 2014-15. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District also receives a significant portion of its revenue from local, state, and federal grants. The District uses these sources to fund its programs and related services as well as service debt.

The table below shows the approximate percentages for revenue sources and uses from governmental activities.

Source Of Revenue	2015-16	2014-15	Use Of Revenue	2015-16	2014-15
State Equalization	63%	64%	Instruction	0%	54%
Property Tax	18%	18%	Support services	0%	44%
Specific Ownership Tax	3%	3%	Debt Service	0%	1%
Grants	13%	12%	Capital Outlay	0%	0%
All other	4%	3%	Other	0%	1%
	100%	100%		100%	100%

The Governmental Expenditure schedule below shows the Total Cost of Service vs. the Net Cost of Service:

	2015-2016		2014-2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	5,730,968	5,205,330	5,677,126	5,042,899
Students	736,256	666,078	577,199	577,199
Instructional Staff	513,014	288,821	390,611	147,191
District Administration	348,481	348,481	275,820	275,820
School Administration	838,711	816,137	756,347	756,347
Business	324,455	324,455	285,997	285,997
Operation and Maintenance of Facilities	1,152,353	1,145,353	1,003,483	998,983
Transportation	467,158	396,777	365,297	297,651
Central	388,256	378,485	346,478	346,478
Food Service	682,751	19,426	612,788	92,031
Other	76,249	76,249	53,260	53,260
Capital Outlay	-	-	-	-
Interest on Long Term Liabilities	125,063	125,063	140,587	140,587
Pension Cost	774,770	774,770	95,364	95,364
Total	12,158,485	10,565,425	10,580,357	9,109,807

BUSINESS-TYPE ACTIVITIES

The District did not have any business-type activities in 2015-2016.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The District owns land with a carrying value of \$712,780 and building and improvements capitalized at \$21,013,385 at June 30, 2016. Vehicles and equipment totaled \$1,739,184. Food service equipment totaled \$463,398. The net carrying value of capital assets after subtracting accumulated depreciation is \$7,566,836. During the 2015-16 year the District disposed of the Rice Middle School Building for \$150,000.

Long-term debt: On June 3, 2010 the District issued \$4,910,000 in General Obligation Refunding Bonds to refinance a portion of debt originally issued in 2000. Interest rates range from 2.0% to 4.0%. In August 2013, the District issued \$1,250,000 in Certificates of Participation with an interest rate of 3%. The proceeds were used to complete major building improvements to reduce energy consumption and the related operating costs. See note to the financial statements for additional information regarding annual payments under these debt obligations.

BUDGET HIGHLIGHTS

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District amended its budgets during the year to reflect unexpected loss of revenue and other changes that were deemed material. Budget presentations include both original and final budgets for the fiscal year.

Revenues in the General Fund were \$46,463 more than expected, which is 0.48% variance. Expenditures and transfers to other funds were 21% less than the amount budgeted, a favorable variance of \$2,482,155. All programs were under budget except Maintenance and Operations by \$57,660, Student Transportation by \$17,186, Food service by \$132,924 and Other Support by \$47,007. Maintenance and Operations was over budget due to expenditures for property repairs and parts and materials. Student Transportation was over budget because of the older buses requiring more costly repairs. Food service was over budget due to equipment purchases made with grants money received for that purpose. Leave buyout and retirement incentives recorded as other support were over budget due to resignations involving personnel with high amounts of unused leave.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Colorado like other states faces significant economic challenges. The State has reduced its funding commitment to K-12 public education by more than 11% since 2009-10. For 2012-13 funding remained flat with base funding the same as the prior year. Though per pupil funding increased for 2013-14 enrollment declined causing a decrease in funding from the School Finance Act. The District's funded pupil count decreased again in 2014-15 by 70 while per pupil funding increased 7.3%, the first significant increase since 2008. The District's funded pupil count decreased again in 2015-16 by 59 while per pupil funding increased 5.9%. The District must proceed with caution in 2016-17 in light of the declining enrollment trend and continued economic uncertainty.

The District continues to subsidize the Food Service program. The transfer to cover the cost of daily operations increased to \$141,000 in 2015-16 compared to \$112,043 in 2014-15.

Factors common to all school districts including rising special education costs, requirements of funded and unfunded state and federal mandated programs, and increasing cost of salaries and benefits make it imperative that the District monitor fund balances and cash flows very closely.

Another challenge the District faces is facility maintenance. There are many improvements to facilities that have been deferred because of the cuts in funding in recent years. Although the statutory capital reserve allocation has been eliminated by the State of Colorado, similar funds should continue to be set aside to address these future capital costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be in writing and addressed to Mr. Scott Mader, Superintendent, at:

Trinidad School District #1
612 Park Street
Trinidad, Colorado 81082.
Telephone (719) 846-3324
Fax (719) 846-4202

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Cash and Equivalents	4,099,557	4,099,557
Accounts Receivable - Net	47,984	47,984
Accrued Revenue	185,961	185,961
Property Taxes Receivable	209,700	209,700
Inventories	17,240	17,240
Capital Assets	23,928,747	23,928,747
Accumulated Depreciation	(16,361,912)	(16,361,912)
Note Receivable	<u>100,000</u>	<u>100,000</u>
<u>Total Assets</u>	<u>12,227,277</u>	<u>12,227,277</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Refunding	36,915	36,915
Deferred Pension Cost - Entity	765,032	765,032
Deferred Pension Cost - Plan	1,964,552	1,964,552
Deferred Pension Cost - Contributions Subsequent to Pension Measurement Date	<u>533,562</u>	<u>533,562</u>
<u>Total Deferred Outflows</u>	<u>3,300,061</u>	<u>3,300,061</u>
<u>LIABILITIES</u>		
Accounts Payable	247,599	247,599
Accrued Salaries and Benefits	916,547	916,547
Grant Amounts Received in Advance	66,392	66,392
Accrued Interest Payable	9,955	9,955
Other Liabilities	7,029	7,029
NonCurrent Liabilities:		
Compensated Absences	564,864	564,864
Retirement Incentive Payable Due Within One Year	16,209	16,209
Bond Payments Due Within One Year	450,000	450,000
Bond Due In More Than One Year	1,960,000	1,960,000
Certificates of Participation Due Within One Year	75,000	75,000
Certificates of Participation Due In More Than One Year	960,000	960,000
Net Pension Liability	19,998,864	19,998,864
Unamortized Bond Premium	<u>40,393</u>	<u>40,393</u>
<u>Total Liabilities</u>	<u>25,312,852</u>	<u>25,312,852</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Pension Cost - Entity	695,159	695,159
Deferred Pension Cost - Plan	<u>283,452</u>	<u>283,452</u>
<u>Total Deferred Inflows</u>	<u>978,611</u>	<u>978,611</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,121,835	4,121,835
Restricted for:		
TABOR Reserve	290,000	290,000
Preschool	5,917	5,917
Food Service	60,592	60,592
Debt Service	793,264	793,264
Unrestricted	<u>(16,035,733)</u>	<u>(16,035,733)</u>
<u>TOTAL NET POSITION</u>	<u>(10,764,125)</u>	<u>(10,764,125)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Program Revenues			Primary Government	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total
FUNCTIONS	Expenses				
Instructional Services	5,730,968	22,624	503,014	(5,205,330)	(5,205,330)
Supporting Services:					
Students	736,256	-	70,178	(666,078)	(666,078)
Instructional Staff	513,014	-	224,193	(288,821)	(288,821)
District Administration	348,481	-	-	(348,481)	(348,481)
School Administration	838,711	-	22,574	(816,137)	(816,137)
Business	324,455	-	-	(324,455)	(324,455)
Operation & Maintenance of Facilities	1,152,353	7,000	-	(1,145,353)	(1,145,353)
Transportation	467,158	-	70,381	(396,777)	(396,777)
Central Support	388,256	-	9,771	(378,485)	(378,485)
Food Service	682,751	57,281	465,020	(19,426)	(19,426)
Other	76,249	-	-	(76,249)	(76,249)
Capital Outlay	-	-	-	-	-
Interest on Long-Term Debt	125,063	-	-	(125,063)	(125,063)
Pension Cost	774,770	-	-	(774,770)	(774,770)
Total Governmental Activities	12,158,485	86,905	1,365,131	(10,565,425)	(10,565,425)
Total School District	12,158,485	86,905	1,365,131	(10,565,425)	(10,565,425)
	General Revenues				
	Property Taxes Levied for General Purposes			2,027,863	2,027,863
	Specific Ownership Taxes			288,295	288,295
	Equalization			7,158,046	7,158,046
	Earnings on Investments			5,967	5,967
	Other Revenues			336,486	336,486
	Total General Revenues			9,816,657	9,816,657
	Change in Net Position			(748,768)	(748,768)
	Net Position, Beginning			(8,911,281)	(8,911,281)
	Prior Period Adjustment			(1,104,076)	(1,104,076)
	Net Position, Ending			(10,764,125)	(10,764,125)

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Debt Service Bond Redemption</u>
<u>ASSETS</u>			
Cash and Equivalents	3,055,759	193,355	764,664
Investments	-	-	-
Accounts Receivable	40,708	-	-
Accrued Revenue	6,655	179,306	-
Due From Other Funds	317,914	-	-
Property Taxes Receivable	158,500	-	51,200
Inventories	-	-	-
Other	100,000	-	-
<u>Total Assets</u>	<u>3,679,536</u>	<u>372,661</u>	<u>815,864</u>
<u>LIABILITIES:</u>			
Accounts Payable	242,810	3,937	-
Accrued Salaries and Benefits	844,115	50,810	-
Due To Other Funds	-	317,914	-
Deposits Held	-	-	-
Grant Amounts Received in Advance	66,392	-	-
<u>Total Liabilities</u>	<u>1,153,317</u>	<u>372,661</u>	<u>-</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	79,600	-	22,600
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	-	-
Note Receivable – City of Trinidad	100,000	-	-
Restricted:			
Emergency Reserve	290,000	-	-
Multi Year Obligations	-	-	-
Food Service	-	-	-
Preschool	5,917	-	-
Debt Service	-	-	793,264
Committed:			
Scholarships	34,340	-	-
Assigned:			
Student Activities	-	-	-
Unassigned	2,016,362	-	-
<u>Total Fund Balances</u>	<u>2,446,619</u>	<u>-</u>	<u>793,264</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>3,679,536</u>	<u>372,661</u>	<u>815,864</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
85,779	4,099,557
-	-
7,276	47,984
-	185,961
-	317,914
-	209,700
17,240	17,240
-	100,000
<u>110,295</u>	<u>4,978,356</u>
852	247,599
21,622	916,547
-	317,914
7,029	7,029
-	66,392
<u>29,503</u>	<u>1,555,481</u>
<u>-</u>	<u>102,200</u>
17,240	17,240
-	100,000
-	290,000
-	-
60,592	60,592
-	5,917
-	793,264
-	34,340
2,960	2,960
-	<u>2,016,362</u>
<u>80,792</u>	<u>3,320,675</u>
<u>110,295</u>	<u>4,978,356</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

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

<u>Total Fund Balance – Governmental Funds</u>	3,320,675
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$23,928,747 and the accumulated depreciation is \$16,361,912.	7,566,835
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.”	102,200
Interest is recognized when paid in the funds. This is accrued interest payable to year end.	(9,955)
Discounts and premiums on bonds sold are capitalized in the entity wide statements. These are unamortized amounts of original issue premiums and discounts at year end.	
Premium	(40,393)
Long-term liabilities, including certificates of participation, general obligation bonds are not due and payable in the current period and therefore are not reported in the funds.	(3,445,000)
Amounts deferred on debt refundings are recognized as a deferred outflow in the entity wide financial statements.	36,915
Compensated absences are not reported as a liability in the funds.	(564,864)
The retirement incentives payable is not reported as a liability in the funds.	(16,209)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(19,998,864)
Deferred Outflows - Pension Cost	3,263,146
Deferred Inflows - Pension Cost	<u>(978,611)</u>
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(10,764,125)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

<u>REVENUES</u>	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Debt Service Bond Redemption</u>
Property Taxes	1,492,853	-	540,610
Specific Ownership Taxes	288,295	-	-
Earnings on Investments	5,825	-	68
Other Local Sources	482,348	3,687	6,799
State Aid	7,430,801	3,225	-
Federal Aid	-	620,447	-
<u>Total Revenues</u>	<u>9,700,122</u>	<u>627,359</u>	<u>547,477</u>
 <u>EXPENDITURES</u>			
Current:			
Instructional Services	4,853,870	300,643	-
Supporting Services:			
Students	666,078	70,178	-
Instructional Staff	288,821	224,193	-
District Administration	334,958	-	-
School Administration	816,137	22,574	-
Business	322,616	-	-
Operation & Maintenance of Facilities	1,136,100	-	-
Transportation	431,369	-	-
Food Service	132,924	-	-
Community	-	9,771	-
Central	390,904	-	-
Other	74,249	-	763
Debt Service:			
Principal	70,000	-	440,000
Interest	33,150	-	94,463
Capital Outlay	2,000	-	-
<u>Total Expenditures</u>	<u>9,553,176</u>	<u>627,359</u>	<u>535,226</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>146,946</u>	 <u>-</u>	 <u>12,251</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(342,000)	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(342,000)</u>	<u>-</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 <u>(195,054)</u>	 <u>-</u>	 <u>12,251</u>
 <u>FUND BALANCES – BEGINNING</u>	 <u>2,641,673</u>	 <u>-</u>	 <u>781,013</u>
 <u>FUND BALANCES – ENDING</u>	 <u>2,446,619</u>	 <u>-</u>	 <u>793,264</u>

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

Other Governmental Funds	Total Governmental Funds
-	2,033,463
-	288,295
74	5,967
79,905	572,739
9,026	7,443,052
<u>455,994</u>	<u>1,076,441</u>
<u>544,999</u>	<u>11,419,957</u>
231,847	5,386,360
-	736,256
-	513,014
-	334,958
-	838,711
-	322,616
-	1,136,100
-	431,369
642,923	775,847
-	9,771
-	390,904
-	75,012
-	510,000
-	127,613
-	2,000
<u>874,770</u>	<u>11,590,531</u>
<u>(329,771)</u>	<u>(170,574)</u>
<u>342,000</u>	-
<u>342,000</u>	-
12,229	(170,574)
<u>68,563</u>	<u>3,491,249</u>
<u>80,792</u>	<u>3,320,675</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 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

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

Net Change in Fund Balances – Total Governmental Funds (170,574)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays more than \$5,000	111,097	
Proceeds from Building Sale	(149,000)	
Gain on Building Sale	144,360	
Depreciation Expense	<u>(424,269)</u>	(317,812)

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. (5,600)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:

Repayment of Debt Principal	510,000	
Debt Proceeds	-	
Premium Amortization	15,864	
Amortization of Deferred Refunding	(14,498)	
Interest Expense	<u>1,184</u>	512,550

Compensated absences change in the period based on amounts earned or paid.

Net change in compensated absences (6,589)

Retirement incentives payable change in the period based on amounts earned or paid.

Net change in retirement incentives 14,027

The increase in net pension liability, along with the changes and costs of deferred flows associated with the net pension liability are not recorded at the fund level:

Pension Cost (774,770)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (748,768)

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2016

	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	141,521
Investments	-
Accounts Receivable	-
<u>Total Assets</u>	<u>141,521</u>
<u>LIABILITIES</u>	
Due to Student Groups	141,521
Accounts Payable	-
<u>Total Liabilities</u>	<u>141,521</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Las Animas County School District Number RE-1 (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Las Animas County School District Number RE-1. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Bond Redemption and Designated Purpose Grants Special Revenue Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Property and automotive ownership taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

- Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Designated Purpose Grants - Special Revenue Fund –used to account for restricted state and federal grants including, but not limited to, No Child Left Behind programs which must be expanded as designated by the grantor agency.

Additionally, the District reports the following fund type:

The Student Activity Fund – this fund is used to account for the activities of student clubs and organizations held in a fiduciary capacity by the District.

E. Cash and Investments

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

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

G. Inventories

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

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

H. Capital Assets

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

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

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

I. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources (Continued)

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

J. Long-Term Obligations

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

K. Constitutional Amendment

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

In November of 1996 the registered voters approved a ballot resolution authorizing Las Animas County School District Number RE-1 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2016 the District reserved \$290,000 for this purpose.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

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

Levy Date	December 15, 2015
Lien Date	January 1, 2016
Tax Bills Mailed	January 1, 2016
First Installment Due	February 28, 2016
Second Installment Due	June 15, 2016
If Paid in Full, Due	April 29, 2016
Tax Sale – 2014 Delinquent Property Taxes	October 25, 2015

M. Compensated Absences

The District affords all full time classified employees vacation and sick pay benefits and certified staff annual leave benefit. Vacation benefits can accumulate up to 40 days and are carried forward to subsequent years and paid upon retirement or termination. Sick pay and annual leave benefits can accumulate up to 90 days and are carried forward to subsequent years. Sick pay and annual leave benefits are paid upon retirement, if certain requirements are met, at prescribed rates as described in the negotiated policies. All of these benefits are measured based on established District policy and generally accepted accounting principles.

The compensated absence liability related to the food service fund employees is reported in the business-type activity column of the government-wide financial statements and the proprietary fund. The remaining compensated absence liability is reported in the governmental activity column of the government-wide financial statements. For the governmental fund financial statements, the recognition of this liability is limited to the amount expected to be paid using expendable available resources.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Government Funds	<u>558,275</u>	<u>6,589</u>	-	<u>564,864</u>
Total	<u>558,275</u>	<u>6,589</u>	-	<u>564,864</u>

N. Use of Estimates

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

P. GASB Statement No. 54

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

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

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority).
4. Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>						
Inventories	-	-	-	17,240	-	17,240
Note Receivable	100,000	-	-	-	-	100,000
<u>Restricted:</u>						
Emergencies	290,000	-	-	-	-	290,000
Preschool	5,917	-	-	-	-	5,917
Multi Year Obligations	-	-	-	-	-	-
Debt Service	-	-	793,264	-	-	793,264
Food Service	-	-	-	60,592	-	60,592
<u>Committed:</u>						
Scholarships	34,340	-	-	-	-	34,340
<u>Assigned:</u>						
Pupil Activities	-	-	-	-	2,960	2,960
<u>Unassigned</u>	<u>2,016,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,016,362</u>
<u>Total Fund Balances</u>	<u>2,446,619</u>	<u>-</u>	<u>793,264</u>	<u>77,832</u>	<u>2,960</u>	<u>3,320,675</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 2

RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

	<u>Transfers In (Out)</u>	<u>Due (To) From</u>
General Fund	(342,000)	317,914
Student Activities – Special Revenue Fund	201,000	-
Food Service – Special Revenue Fund	141,000	-
Designated Purpose Grant Fund	-	(317,914)
	-	-

NOTE 3

BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Chief Financial Officer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Funds.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds although measurement of operations is not required in the financial statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 BUDGETARY INFORMATION (Continued)

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

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

NOTE 4 CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

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

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	750,000	750,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,676,034	2,949,741
Cash Equivalents	748,915	-
Cash with County Treasurer	64,529	-
Cash on Hand	<u>1,600</u>	<u>-</u>
<u>Total Cash and Equivalents</u>	<u>4,241,078</u>	<u>3,699,741</u>

As presented above, deposits with a bank balance of \$2,949,741 and a carrying balance of \$2,676,034 as of June 30, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
<u>Governmental Activities</u>				
<u>Non-Depreciable Assets:</u>				
Land	712,780	-	-	712,780
<u>Total Non-Depreciable Assets</u>	<u>712,780</u>	-	-	<u>712,780</u>
<u>Depreciable Assets:</u>				
Buildings	19,957,604	-	354,221	19,603,383
Site Improvements	1,470,165	-	60,163	1,410,002
Vehicles	1,192,711	-	-	1,192,711
Equipment	533,291	13,182	-	546,473
Food Service Equipment	365,483	97,915	-	463,398
<u>Total Depreciable Assets</u>	<u>23,519,254</u>	<u>111,097</u>	<u>414,384</u>	<u>23,215,967</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	13,518,142	312,812	349,581	13,481,373
Site Improvements	960,013	52,934	60,163	952,784
Vehicles	1,040,979	35,790	-	1,076,769
Equipment	481,749	14,079	-	495,828
Food Service Equipment	346,504	8,654	-	355,158
<u>Total Accumulated Depreciation</u>	<u>16,347,387</u>	<u>424,269</u>	<u>409,744</u>	<u>16,361,912</u>
<u>Total Capital Assets, Net</u>	<u>7,884,647</u>	<u>(313,172)</u>	<u>4,640</u>	<u>7,566,835</u>

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

<u>Governmental Activities:</u>	
Instruction	366,235
General Administration	515
Operations and Maintenance	1,839
Transportation	35,789
Central Support	11,237
Food Service	8,654
<u>Total Depreciation Expense –Governmental Activities</u>	<u>424,269</u>

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable in the Food Service Fund represent requests made to the Colorado Department of Education for reimbursable meals served by June 30, 2016 and amounts due from local sources for meals served.

NOTE 7 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are estimated to be \$916,547 and will be paid during the 2016-2017 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Las Animas County School District Number RE-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Contributions. Eligible employees and Las Animas County School District Number RE-1 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Las Animas County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Las Animas County School District Number RE-1 were \$1,021,830 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 Las Animas County School District Number RE-1 reported a liability of \$19,998,864 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 Las Animas County School District Number RE-1 proportion of the net pension liability was based on Las Animas County School District Number RE-1 contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Las Animas County School District Number RE-1 proportion was 0.1307 percent, which was an increase of 0.0078 percent from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Las Animas County School District Number RE-1 recognized pension expense of \$774,770. At June 30, 2016, the Las Animas County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	264,087	(833)
Changes of assumptions or other inputs	0	(282,619)
Net difference between projected and actual earnings on pension plan investments	1,700,465	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	765,032	(695,159)
Contributions subsequent to the measurement date	533,562	N/A
Total	3,263,146	(978,611)

\$533,562 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2016	
2017	323,945
2018	446,768
2019	631,559
2020	348,701
2021	-
Thereafter	-

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	25,924,373	19,998,864	15,069,946

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 **PENSION PLAN (Continued)**

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Las Animas County School District Number RE-1 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees, PERA issues a publicly available comprehensive annual financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$19,722.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Las Animas County School District Number RE-1 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 Las Animas County School District Number RE-1 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 Las Animas County School District Number RE-1 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 Las Animas County School District Number RE-1 contributions to the HCTF were \$58,757, \$55,197 and \$50,114, respectively equal to their required contributions for each year.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE 9 JOINT VENTURES

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

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information for the year ended June 30, 2015, is as follows:

Assets and Deferred Outflows	2,480,068
Liabilities and Deferred Inflows	<u>6,846,498</u>
Net Position	<u>(4,366,430)</u>
Revenues	3,389,502
Expenses	<u>2,694,018</u>
Change in Net Position	<u>695,484</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and a copy of its financial statements is filed with the Colorado State Auditor's Office.

NOTE 10 COLORADO SCHOOL DISTRICT 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) in 1981 to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Employment Practices Liability, Automobile Liability, Auto Physical Damage, Real and Personal Property, Crime, and other coverages. The Board of Directors is composed of eight persons. 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, risk exposure and other factors touching on the status of the Pool or an individual participant.

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (continued)

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

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

NOTE 11 LONG-TERM OBLIGATIONS

General Obligation Refunding Series 2010

On June 3, 2010, the District issued \$4,910,000 in General Obligation Refunding Bonds bearing interest rates ranging from 2.0% to 4.0% to partially refund Series 2000 G.O. Bonds. Refunding proceeds of \$4,982,980 were deposited with an escrow agent to provide debt service payments of \$4,515,000 in principal and \$468,495 in interest on the 2000 Series Bonds. As a result, that portion of 2000 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements.

The refunded 2000 G.O. Bonds were subject to prior redemption on December 1, 2010 and have been redeemed and are no longer outstanding.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 LONG-TERM OBLIGATIONS (continued)

Below is a schedule of debt service requirements to maturity:

2010 Refunding Issue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	450,000	81,663
2018	465,000	67,356
2019	475,000	50,300
2020	500,000	30,800
2021	<u>520,000</u>	<u>10,400</u>
	<u>2,410,000</u>	<u>240,519</u>

Early Retirement Incentives

During the year ended June 30, 2011 the District implemented an Early Retirement Incentives Program. The program was available to certified employees with 10 or more years of service and who were at step 19 or higher on the salary schedule, and classified employees that were at least 50 years of age and had 20 years of service. To receive the incentive, employees were required to elect to voluntarily terminate their employment with the District no later than August 31. During the year, \$45,039 was paid out by the District. The remaining long term liability is as follows:

<u>Audit Year End June 30</u>	<u>Long Term Liability</u>
2017	<u>16,209</u>

Series 2013 Certificates of Participation

In August of 2013, the District issued \$1,250,000 in Certificates of Participation (COP's) for the purpose of facility improvements. The interest rate is 3%. A schedule of debt service to maturity follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	75,000	31,050
2018	75,000	28,800
2019	75,000	26,550
2020	80,000	24,300
2021	80,000	21,900
2022	85,000	19,500
2023	85,000	16,950
2024	90,000	14,400
2025	95,000	11,700
2026	95,000	8,850
2027	100,000	6,000
2028	<u>100,000</u>	<u>3,000</u>
	<u>1,035,000</u>	<u>213,000</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2016

NOTE 11 LONG-TERM OBLIGATIONS (continued)

Changes in Long-Term Debt (Fiscal Year ended June 30, 2016)

	Beginning Balance <u>7-1-2015</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>6-30-2016</u>	Current <u>Portion</u>
<u>Changes in Long-Term Debt</u>					
COP's	1,105,000	-	70,000	1,035,000	75,000
Early Retirement Incentives	30,236	31,012	45,039	16,209	16,209
G.O. Refunding Bonds	2,850,000	-	440,000	2,410,000	450,000
Deferred Refunding – G.O. Bond	<u>(51,413)</u>	<u>-</u>	<u>(14,498)</u>	<u>(36,915)</u>	
<u>Total</u>	<u>3,933,823</u>	<u>31,012</u>	<u>540,541</u>	<u>3,424,294</u>	

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 INTERFUND BALANCES

	<u>Amounts Due From Other Funds</u>	<u>Amounts Due To Other Funds</u>
General Fund	317,914	-
Designated Purpose Grants Fund	<u>-</u>	<u>317,914</u>
	<u>317,914</u>	<u>317,914</u>

Interfund balances are created by the payments of grant and expenditures by the general fund. The grants are on a reimbursable basis. The amounts due to and from are repaid upon receipt of grant fund revenues. All are expected to be repaid within one year.

	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	342,000	-
Student Activity Special Revenue Fund - Nonmajor	-	201,000
Food Service Special Revenue Fund - Nonmajor	<u>-</u>	<u>141,000</u>
	<u>342,000</u>	<u>342,000</u>

Transfers were made in the normal course of operations to support funding needs.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 14 PRIOR PERIOD ADJUSTMENT

In the fiscal year ended June 30, 2015, no deferred inflow was recorded for the change in proportion of the District's contributions to PERA in relation to their portion of the net pension liability originally recorded during the implementation of GASB Statements No. 68 and 71. The amount of deferred inflow at June 30, 2015 that should have been recorded was \$1,104,076. The Statement of Activities reflects the corresponding reduction to entity-wide net position as of that date as a prior period adjustment.

NOTE 15 BUDGETED EXPENDITURES

Expenditures in the Student Activities Special Revenue Fund exceeded amounts budgeted by \$76,872.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET INFORMATION

General Fund

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

Special Revenue Funds

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

Designated Purpose Grants Fund – This fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	1,329,350	1,329,350	1,492,853	163,503
Specific Ownership Taxes	364,370	364,370	288,295	(76,075)
Earnings on Investments	4,000	4,000	5,825	1,825
Delinquent Taxes & Interest	27,000	27,000	20,387	(6,613)
Other	573,683	573,683	461,961	(111,722)
<u>State Sources</u>				
Equalization	7,132,978	7,132,978	7,158,246	25,268
Transportation	66,000	66,000	70,381	4,381
Vocational Education	75,000	75,000	68,368	(6,632)
Special Education	81,278	81,278	83,479	2,201
Other	-	-	50,327	50,327
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	-	-
Other	-	-	-	-
<u>TOTAL REVENUES</u>	<u>9,653,659</u>	<u>9,653,659</u>	<u>9,700,122</u>	<u>46,463</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	3,338,188	3,338,188	3,245,328	92,860
Employee Benefits	1,060,570	1,060,570	985,958	74,612
Purchased Services - Professional	-	-	640	(640)
Purchased Services - Property	19,142	19,142	504	18,638
Purchased Services - Other	432,647	432,647	502,218	(69,571)
Supplies and Materials	183,370	183,370	97,262	86,108
Property	10,750	10,750	4,564	6,186
Other Objects	22,200	22,200	17,396	4,804
<u>Total Instruction</u>	<u>5,066,867</u>	<u>5,066,867</u>	<u>4,853,870</u>	<u>212,997</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	443,712	443,712	366,277	77,435
Employee Benefits	134,529	134,529	111,568	22,961
Purchased Services - Professional	1,000	1,000	376	624
Purchased Services - Property	-	-	-	-
Purchased Services - Other	202,957	202,957	184,651	18,306
Supplies and Materials	2,750	2,750	2,502	248
Property	2,200	2,200	704	1,496
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>787,148</u>	<u>787,148</u>	<u>666,078</u>	<u>121,070</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	150,070	150,070	126,097	23,973
Benefits	56,944	56,944	44,813	12,131
Purchased Services – Professional	80,700	80,700	90,312	(9,612)
Purchased Services – Property	2,200	2,200	-	2,200
Purchased Services – Other	6,025	6,025	3,692	2,333
Supplies and Materials	15,700	15,700	23,580	(7,880)
Property	400	400	327	73
<u>Total Instructional Staff</u>	<u>312,039</u>	<u>312,039</u>	<u>288,821</u>	<u>23,218</u>
<u>General Administration</u>				
Salaries	208,478	208,478	206,898	1,580
Employee Benefits	58,760	58,760	56,727	2,033
Purchased Services – Professional	23,849	23,849	26,874	(3,025)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	20,134	20,134	16,802	3,332
Supplies and Materials	10,499	10,499	7,409	3,090
Property	-	-	-	-
Other Objects	20,331	20,331	20,248	83
<u>Total General Administration</u>	<u>342,051</u>	<u>342,051</u>	<u>334,958</u>	<u>7,093</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	608,682	608,682	601,578	7,104
Employee Benefits	187,436	187,436	177,417	10,019
Purchased Services – Professional	2,710	2,710	525	2,185
Purchased Services – Other	27,100	27,100	27,637	(537)
Supplies and Materials	8,700	8,700	8,700	-
Property	2,800	2,800	280	2,520
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>837,428</u>	<u>837,428</u>	<u>816,137</u>	<u>21,291</u>
<u>Business Services</u>				
Salaries	218,176	218,176	212,462	5,714
Employee Benefits	61,610	61,610	59,051	2,559
Purchased Services – Professional	28,500	28,500	25,542	2,958
Purchased Services – Property	268	268	-	268
Purchased Services – Other	2,907	2,907	2,274	633
Supplies and Materials	12,570	12,570	12,229	341
Other Objects	200	200	11,058	(10,858)
<u>Total Business Services</u>	<u>324,231</u>	<u>324,231</u>	<u>322,616</u>	<u>1,615</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Operations and Maintenance</u>				
Salaries	388,821	388,821	388,258	563
Employee Benefits	131,573	131,573	131,489	84
Purchased Services – Professional	20,259	20,259	30,956	(10,697)
Purchased Services – Property	80,385	80,385	140,781	(60,396)
Purchased Services – Other	18,500	18,500	5,480	13,020
Supplies and Materials	424,093	424,093	425,090	(997)
Property	14,809	14,809	14,046	763
Other Objects	-	-	-	-
<u>Total Operations and Maintenance</u>	<u>1,078,440</u>	<u>1,078,440</u>	<u>1,136,100</u>	<u>(57,660)</u>
<u>Student Transportation</u>				
Salaries	177,886	177,886	181,243	(3,357)
Benefits	83,050	83,050	83,621	(571)
Purchased Services – Professional	6,000	6,000	5,985	15
Purchased Services – Property	110,710	110,710	127,258	(16,548)
Purchased Services – Other	3,541	3,541	265	3,276
Supplies and Materials	32,996	32,996	32,997	(1)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>414,183</u>	<u>414,183</u>	<u>431,369</u>	<u>(17,186)</u>
<u>Central Support</u>				
Salaries	36,666	36,666	36,666	-
Employee Benefits	10,715	10,715	10,715	-
Purchased Services – Professional	31,491	31,491	31,430	61
Purchased Services – Property	1,800	1,800	1,706	94
Purchased Services – Other	236,161	236,161	235,180	981
Supplies and Materials	17,528	17,528	17,432	96
Property	57,808	57,808	57,775	33
<u>Total Central Support</u>	<u>392,169</u>	<u>392,169</u>	<u>390,904</u>	<u>1,265</u>
<u>Other Support</u>				
Salaries	15,000	15,000	62,534	(47,534)
Employees Benefits	1,342	1,342	7,423	(6,081)
Purchased Services – Professional	10,900	10,900	5,563	5,337
Purchased Services – Property	-	-	-	-
Other Objects	2,000	2,000	729	1,271
<u>Total Other Support</u>	<u>29,242</u>	<u>29,242</u>	<u>76,249</u>	<u>(47,007)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Food Service</u>				
Purchased Services – Property	-	-	2,150	(2,150)
Supplies and Materials	-	-	2,717	(2,717)
Property	-	-	<u>128,057</u>	<u>(128,057)</u>
<u>Total Food Service</u>	-	-	<u>132,924</u>	<u>(132,924)</u>
<u>Debt Service</u>				
Principal	70,000	70,000	70,000	-
Interest	<u>45,650</u>	<u>45,650</u>	<u>33,150</u>	<u>12,500</u>
<u>Total Debt Service</u>	<u>115,650</u>	<u>115,650</u>	<u>103,150</u>	<u>12,500</u>
 <u>TOTAL SUPPORTING SERVICES</u>	 <u>4,632,581</u>	 <u>4,632,581</u>	 <u>4,699,306</u>	 <u>(66,725)</u>
 <u>APPROPRIATED RESERVES</u>	 <u>2,335,884</u>	 <u>2,335,884</u>	 <u>-</u>	 <u>2,335,884</u>
 <u>TOTAL EXPENDITURES</u>	 <u>12,035,331</u>	 <u>12,035,331</u>	 <u>9,553,176</u>	 <u>2,482,155</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(2,381,673)</u>	 <u>(2,381,673)</u>	 <u>146,946</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>(260,000)</u>	<u>(260,000)</u>	<u>(342,000)</u>	<u>(82,000)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>(342,000)</u>	<u>(82,000)</u>
 <u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	 <u>(2,641,673)</u>	 <u>(2,641,673)</u>	 <u>(195,054)</u>	
 <u>FUND BALANCE, July 1</u>	 <u>2,641,673</u>	 <u>2,641,673</u>	 <u>2,641,673</u>	
 <u>FUND BALANCE, June 30</u>	 <u>-</u>	 <u>-</u>	 <u>2,446,619</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Revenues</u>				
Local Sources	1,200	1,200	3,687	2,487
State Sources	25,849	25,849	3,225	(22,624)
Federal Sources	<u>693,701</u>	<u>693,701</u>	<u>620,447</u>	<u>(73,254)</u>
<u>Total Revenues</u>	<u>720,750</u>	<u>720,750</u>	<u>627,359</u>	<u>(93,391)</u>
 <u>Expenditures</u>				
Instruction	357,221	357,221	300,643	56,578
Support Services	<u>363,529</u>	<u>363,529</u>	<u>326,716</u>	<u>36,813</u>
<u>Total Expenditures</u>	<u>720,750</u>	<u>720,750</u>	<u>627,359</u>	<u>93,391</u>
 <u>Revenues Over (Under) Expenditures</u>	-	-	-	
 <u>Transfers</u>	-	-	-	-
 <u>FUND BALANCES, July 1</u>	-	-	-	
 <u>FUND BALANCES, June 30</u>	-	-	-	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.1307%	0.1230%	0.1348%	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$19,998,864	\$16,667,595	\$17,198,752	-	-	-	-	-	-	-
District's covered-employee payroll	\$5,760,446	\$5,411,409	\$5,126,183	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	347%	308%	336%	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.16%	62.80%	64.06%	-	-	-	-	-	-	-

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

LAS ANIMAS COUNTY SCHOOL DISTRICT RE-1
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 For The Last 10 Fiscal Years (As Available)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contributions	\$ 1,021,830	\$ 914,944	\$ 819,574	\$ 897,576	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(1,021,830)</u>	<u>\$(914,944)</u>	<u>\$(819,574)</u>	<u>\$(897,576)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered-employee payroll	\$ 5,760,446	\$ 5,411,409	\$ 5,126,183	\$ 5,925,567	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	17.73%	16.91%	15.99%	15.15%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Debt Service Funds

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

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Student Activities Fund – This fund is used to account for the costs associated with co-curricular programs. It is funded by event receipts and transfers from the General Fund.

Fiduciary Funds

Student Activity – Agency Fund – This fund is used to account for amounts held in a fiduciary capacity for various student clubs and organizations.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Student Activities</u>	
<u>ASSETS</u>			
Cash and Equivalents	82,819	2,960	85,779
Investments	-	-	-
Accounts Receivable	7,276	-	7,276
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Inventories	17,240	-	17,240
Receivables – Other	-	-	-
<u>Total Assets</u>	<u>107,335</u>	<u>2,960</u>	<u>110,295</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	852	-	852
Accrued Salaries	21,622	-	21,622
Due To Other Funds	-	-	-
Deposits Held	7,029	-	7,029
<u>Total Liabilities</u>	<u>29,503</u>	<u>-</u>	<u>29,503</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventories	17,240	-	17,240
Restricted:			
Food Service	60,592	-	60,592
Committed:			
Assigned:			
Student Activities	-	2,960	2,960
Unassigned:			
<u>Total Fund Balances</u>	<u>77,832</u>	<u>2,960</u>	<u>80,792</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>107,335</u>	<u>2,960</u>	<u>110,295</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Student</u>	<u>Non-Major</u>
	<u>Service</u>	<u>Activities</u>	<u>Funds</u>
<u>REVENUES:</u>			
Local Sources:			
Earning on Investments	55	19	74
Fees and Charges	57,281	22,624	79,905
State Aid	9,026	-	9,026
Federal Aid	455,994	-	455,994
<u>Total Revenues</u>	<u>522,356</u>	<u>22,643</u>	<u>544,999</u>
<u>EXPENDITURES:</u>			
Current:			
Instructional Services	-	231,847	231,847
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Food Service	642,923	-	642,923
Debt Service	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>642,923</u>	<u>231,847</u>	<u>874,770</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	(120,567)	(209,204)	(329,771)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	141,000	201,000	342,000
<u>NET CHANGE IN FUND BALANCES</u>	20,433	(8,204)	12,229
<u>FUND BALANCES, Beginning</u>	<u>57,399</u>	<u>11,164</u>	<u>68,563</u>
<u>FUND BALANCES, Ending</u>	<u>77,832</u>	<u>2,960</u>	<u>80,792</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 BOND REDEMPTION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Tax	540,573	540,610	37
Earnings on Investments	25	68	43
Other Local	3,000	6,799	3,799
<u>Total Revenues</u>	543,598	547,477	3,879
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	450,000	440,000	10,000
Interest	88,413	94,463	(6,050)
Other	1,000	763	237
Appropriated Reserves	4,185	-	4,185
<u>Total Expenditures</u>	543,598	535,226	8,372
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	12,251	
 <u>OTHER FINANCING SOURCES (USES)</u>	-	-	-
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	-	12,251	
 <u>FUND BALANCES, July 1</u>	-	781,013	
 <u>FUND BALANCES, June 30</u>	-	793,264	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 FOOD SERVICES – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	313,500	57,281	(256,219)
Earnings on Investments	50	55	5
Other	-	-	-
<u>State Sources</u>			
School Lunches and Breakfast	12,244	9,026	(3,218)
<u>Federal Sources</u>			
School Lunches and Breakfast	319,000	430,773	111,773
Commodities	-	<u>25,221</u>	<u>25,221</u>
<u>Total Revenues</u>	<u>644,794</u>	<u>522,356</u>	<u>(122,438)</u>
 <u>EXPENDITURES</u>			
Salaries	204,832	222,719	(17,887)
Employee Benefits	95,592	89,365	6,227
Purchased Services – Professional	24,600	17,721	6,879
Purchased Services – Property	1,200	3,087	(1,887)
Purchased Services - Other	1,500	388	1,112
Food Purchases	319,000	268,714	50,286
Capital Outlay	18,000	-	18,000
Commodities	18,000	20,007	(2,007)
Non-Food Supplies	48,200	20,922	27,278
Other	663	-	663
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>731,587</u>	<u>642,923</u>	<u>88,664</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(86,793)	(120,567)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>125,000</u>	<u>141,000</u>	<u>16,000</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>			
	38,207	20,433	
 <u>FUND BALANCE, July 1</u>			
	-	<u>57,399</u>	
 <u>FUND BALANCE, June 30</u>			
	<u>38,207</u>	<u>77,832</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 STUDENT ACTIVITIES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Other Local	16,874	22,643	5,769
<u>Total Revenues</u>	<u>16,874</u>	<u>22,643</u>	<u>5,769</u>
<u>EXPENDITURES:</u>			
Co-Curricular Instruction	154,975	231,847	(76,872)
Support	-	-	-
Appropriated Reserve	-	-	-
<u>Total Expenditures</u>	<u>154,975</u>	<u>231,847</u>	<u>(76,872)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(138,101)	(209,204)	
<u>TRANSFERS</u>	<u>135,000</u>	<u>201,000</u>	<u>66,000</u>
<u>NET CHANGE IN FUND BALANCE</u>	(3,101)	(8,204)	
<u>FUND BALANCE, July 1</u>	<u>3,101</u>	<u>11,164</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>2,960</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>RECEIPTS</u>			
Other Local	<u>300,000</u>	<u>229,469</u>	<u>(70,531)</u>
<u>Total Receipts</u>	<u>300,000</u>	<u>229,469</u>	<u>(70,531)</u>
 <u>EXPENDITURES</u>			
Pupil Activities	<u>300,000</u>	<u>223,105</u>	<u>76,895</u>
Net Increase (Decrease) in Deposits Held	-	6,364	
Deposits Held – Beginning of Year	-	<u>135,157</u>	
Deposits Held – End of Year	-	<u><u>141,521</u></u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 1580 - TRINIDAD 1
 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	2,641,673	9,358,123	9,553,177	2,446,619
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	2,641,673	9,358,123	9,553,177	2,446,619
11 Charter School Fund	0	0	0	0
20-26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	57,399	663,356	642,922	77,832
22 Govt Designated-Purpose Grants Fund	0	627,358	627,358	0
23 Pupil Activity Special Revenue Fund	11,164	233,643	231,847	2,960
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	781,013	547,478	535,226	793,264
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
Total	3,491,249	11,419,557	11,596,530	3,326,676
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60-55-69 Other Internal Service Funds	0	0	0	0
Total	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	135,157	229,469	223,105	141,521
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Total	135,157	229,469	223,105	141,521
FINAL				

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



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1580 - TRINIDAD 1
 Fiscal Year 2015-16
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary		Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85			
Cash and Investments (8100-8104,8111)	3,006,959	0	0	82,819	196,315	0	0	0	0	0	141,281	0	3,427,375		
Cash with Fiscal Agent (8105)	48,799	0	0	0	0	764,664	0	0	0	0	0	0	813,464		
Taxes Receivable (8121,8122)	158,500	0	0	0	0	51,200	0	0	0	0	0	0	209,700		
Interfund Loans Receivable (8131,8132)	317,914	0	0	0	0	0	0	0	0	0	0	0	317,914		
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grants Accounts Receivable (8142)	17,092	0	0	6,719	179,306	0	0	0	0	0	0	0	203,117		
Other Receivables (8151-8154,8161)	130,271	0	0	557	0	0	0	0	0	240	0	0	131,068		
Inventories (8171,8172,8173)	0	0	0	17,240	0	0	0	0	0	0	0	0	17,240		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	3,679,536	0	0	107,335	375,621	815,864	0	0	0	141,521	0	0	5,119,877		

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
	Non-spendable Fund Balance 6710	100,000	0	0	17,240	0	0	0	0	0	0	0	0
Restricted Fund Balance 6720	0	0	0	60,592	0	793,264	0	0	0	0	0	0	853,856
TABOR 3% Emergency Reserve 6721	290,000	0	0	0	0	0	0	0	0	0	0	0	290,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	5,917	0	0	0	0	0	0	0	0	0	0	0	5,917
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	34,340	0	0	0	0	0	0	0	0	0	0	0	34,340
Assigned Fund Balance 6760	0	0	0	0	2,960	0	0	0	0	0	141,521	0	144,481
Unassigned Fund Balance 6770	2,016,362	0	0	0	0	0	0	0	0	0	0	0	2,016,362
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,446,619	0	0	77,832	2,960	793,264	0	0	0	0	141,521	0	3,462,196

Total Liabilities & Fund Equity	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
	3,679,536	0	0	0	107,335	375,621	815,864	0	0	0	0	141,521	0
General Funds 10,12-18	3,679,536	0	0	107,335	375,621	815,864	0	0	0	0	141,521	0	5,119,877
Charter School Fund 11	0	0	0	0	0	0	0	0	0	0	0	0	0
Preschool Fund 19	0	0	0	0	0	0	0	0	0	0	0	0	0
Food Service Special Revenue Fund 21	0	0	0	107,335	0	0	0	0	0	0	0	0	107,335
Special Revenue Funds 20, 22-29	0	0	0	0	375,621	0	0	0	0	0	0	0	375,621
Debt Service Funds 30-39	0	0	0	0	0	815,864	0	0	0	0	0	0	815,864
Capital Projects Funds 40-49	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Enterprise Funds 50, 52-59	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related Activity Funds 63-64	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Service Funds 60	0	0	0	0	0	0	0	0	0	0	0	0	0
Trust & Agency Funds 70-79	0	0	0	0	0	0	0	0	0	141,521	0	0	141,521
Foundations Fund 85	0	0	0	0	0	0	0	0	0	0	0	0	0

For Each Fund Type:													
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
General Funds 10,12-18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Charter School Fund 11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Preschool Fund 19	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Food Service Special Revenue Fund 21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Special Revenue Funds 20, 22-29	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Debt Service Funds 30-39	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Capital Projects Funds 40-49	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Enterprise Funds 50, 52-59	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk-Related Activity Funds 63-64	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Internal Service Funds 60	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trust & Agency Funds 70-79	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Foundations Fund 85	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Las Animas County School District Number RE-1
Trinidad, Colorado 81082

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Las Animas County School District Number RE-1 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Las Animas County School District Number RE-1's basic financial statements, and have issued our report thereon dated November 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Las Animas County School District Number RE-1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Las Animas County School District Number RE-1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Las Animas County School District Number RE-1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Las Animas County School District Number RE-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sison, Waller & Co, Inc.

November 12, 2016

164 E. MAIN
TRINIDAD, COLORADO 81082
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**INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Board of Education
Las Animas County School District Number RE-1
Trinidad, CO 81082

Report on Compliance for Each Major Federal Program

We have audited Las Animas County School District Number RE-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Las Animas County School District Number RE-1's major federal programs for the year ended June 30, 2016. Las Animas County School District Number RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Las Animas County School District Number RE-1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Las Animas County School District Number RE-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Las Animas County School District Number RE-1's compliance.

Opinion on Each Major Federal Program

In our opinion, Las Animas County School District Number RE-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Las Animas County School District Number RE-1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Las Animas County School District Number RE-1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Las Animas County School District Number RE-1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Signon, Waller & Co., Inc.

November 12, 2016

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Las Animas County School District Number RE-1.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Las Animas County School District Number RE-1 were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Reportable on Compliance for Major Programs

An unmodified report has been issued on Las Animas County School District Number RE-1 compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Child Nutrition Cluster

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Las Animas County School District Number RE-1 qualified as a low-risk auditee for the fiscal year ended June 30, 2016.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2016

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through Colorado Department of Education			
Title I	84.010	4010	447,737
Title II A – Teach Quality	84.367	4367	136,726
Race to the Top	84.412	5412	940
Title IA – School Improvement	84.010	5010	22,087
Passed through Colorado Community College and Occupational Education Vocational Education:			
Carl Perkins	84.048	4048	<u>12,957</u>
<u>Total Department of Education</u>			<u>620,447</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
National School Breakfast Program	10.553	4553	136,396
National School Lunch Program	10.555	4555	281,240
Summer Food Service Program	10.559	4559	13,137
Passed through Colorado Department of Human Services			
Food Distribution (Commodities)	10.555	4555	<u>25,221</u>
<u>Total Child Nutrition Cluster</u>			<u>455,994</u>
<u>Total Department of Agriculture</u>			<u>455,994</u>
<u>TOTAL EXPENDITURES</u>			<u>1,076,441</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Las Animas County School District Number RE-1 and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 INDIRECT COST RATES

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of commodities received.