

Yuma School District-1
Yuma, Colorado

Financial Statements

For the Year ended June 30, 2016



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Table of Contents

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Notes to Financial Statements	21-45
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	48
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of District Contributions	50
Notes to the Required Supplementary Information	51
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	56
Budgetary Comparison Schedule - Expenditures	58-60
Nonmajor Governmental Funds	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	63
Budgetary Comparison Schedule – Food Service Fund	64
Budgetary Comparison Schedule - Capital Reserve Capital Projects Fund	65

Table of Contents

	<u>Page</u>
Debt Service Fund	
Budgetary Comparison Schedule - Bond Redemption Fund	68
Fiduciary Fund	
Budgetary Comparison Schedule - Pupil Activity Agency Fund	70
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Auditors' Integrity Report	73
Auditors' Integrity Report	74



Independent Auditors' Report

Board of Education
Yuma School District-1
Yuma, Colorado

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 Yuma School District-1 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 29, 2016

**YUMA SCHOOL DISTRICT-1
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

This section of Yuma School District-1's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2016.

Financial Highlights

- The liabilities and deferred inflows of resources of Yuma School District-1 exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$787-101 (net position - deficit).
- The district's total net position decreased by \$224,181.
- General revenues accounted for \$8,621,487 or 87% of the \$9,928,056 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,306,569 or 13% of revenues.
- The general fund ending fund balance reached \$6,765,691, an increase of \$502,906 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government'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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. Taxes and intergovernmental revenues principally support these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund and Bond Redemption Fund (which are considered to be major funds). Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 21-45 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 56-70.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

59% of the School District's assets are its investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its' students.

The following table provides a summary of the district's net position (liabilities) as of June 30, 2016.

	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Current and Other assets	\$ 8,727,267	\$ 8,272,018	5.50%
Capital assets	11,256,435	11,747,330	-4.18%
Total assets	19,983,702	20,019,348	-.18%
Deferred outflows of resources	2,453,940	1,191,225	106.00%
Total assets and deferred outflows of resources	\$22,437,642	\$21,210,573	5.79%
Long term liabilities	\$21,927,444	\$20,829,246	5.27%
Other liabilities	880,841	943,274	-6.62%
Total liabilities	22,808,285	21,772,520	4.76%
Deferred inflows of resources	416,458	973	42,701.44%
Net investment in capital assets	6,371,921	6,297,415	1.18%
Restricted	1,299,333	1,280,226	1.49%
Unrestricted	(8,458,355)	(8,140,561)	3.90%
Total net position	(787,101)	(562,920)	39.82%
Total liabilities, deferred inflows of resources and net position	\$22,437,642	\$21,210,573	5.79%

Following is a summary of the School District's change in net position.

Revenues	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Program Revenues			
Charges for services	\$ 75,443	\$ 72,370	4.25%
Operating Grants & Contributions	1,201,973	1,037,784	15.82%
Capital Grants	29,153	120,847	-75.88%
Property taxes	4,533,034	4,187,489	8.25%
State equalization	3,782,405	3,708,890	1.98%
Other	306,048	221,828	37.97%
Total Revenue	9,928,056	9,349,208	6.19%
Expenses			
Instruction	5,683,155	5,329,997	6.63%
Pupil & Instructional Services	424,682	383,299	10.80%
Administration & Business	1,357,205	1,301,998	4.24%
Maintenance & Operations	1,067,314	1,092,819	-2.33%
Transportation	367,454	370,995	-9.5%
Other	1,252,427	1,282,182	-2.32%
Total Expenses	10,152,237	9,761,290	4.01%
Change in net position	\$(224,181)	\$(412,082)	-45.60%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$8,130 per funded student. In fiscal year 2015-2016 the funded pupil count was 776.1. Funding for the SFA comes from property taxes levied for general purposes, specific ownership tax and state equalization. The School District receives approximately 45 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$3,370,000 in property taxes levied for general purposes for fiscal year 2015-2016.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$7,846,613, an increase of \$513,667 in comparison with the prior year. The General Fund had a fund balance increase of \$502,906; the Bond Redemption Fund had a fund balance increase of \$35,166 and the other governmental funds had a fund balance decrease of \$24,405.

General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

- The District is committed to an ongoing review of its programs and services for both effectiveness and efficiency.
- To accomplish this, the District examines how to best provide essential services on a cost-effective basis.
- In addition, the focus for the past year and the upcoming year is to re-direct resources towards the Board's goal of increasing student achievement. In addition, due to the Federal and State of Colorado's continuing financial stress, with projected shortfalls directly impacting the District's financial resources, the District has:
 - Continued to evaluate all staff positions to facilitate cost savings while maintaining educational programs and increasing student achievement.
 - Strived to maintain salaries to meet state level averages.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$11,256,435 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, and capital leases all with an original cost greater than \$5,000.

Capital asset additions during the current fiscal year include the following:

- Buildings and improvements - \$28,162
- Other equipment - \$15,150

The School District's total capital assets at June 30, 2016 net of accumulated depreciation were as follows:

	Governmental Activities
Buildings & improvements	\$ 10,655,121
Transportation equipment	371,475
Other equipment	229,839
Total capital assets	<u>\$ 11,256,435</u>

Additional information on the School District's capital assets can be found in note E on page 32 of the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$21,927,444 consisted of the following.

	<u>Governmental Activities</u>
General obligation bonds payable, net of premium	\$ 5,111,880
Accrued compensated absences	80,994
Net pension liability	<u>16,734,570</u>
Total	<u>\$ 21,927,444</u>

Economic Factors

Some uncertainty clouds the prospects for the School District for the next year.

- SY 2016/17 Per Pupil Revenue (PPR) rose slightly this year. Student count dropped.
- There will continue to be substantial and (expensive but mainly non-capital) critical building maintenance to support and improve district infrastructure.
- As with the previous year, the number of unfunded state and federal mandates for reporting, changes to curriculum, assessment and governance will again increase sharply. The district is under continuous pressure to add administrative (non-instructional) staff to support these mandates.
- IT Costs, related both to mandated online assessment and to the ever-increasing role of technology in teaching, continue to be a concern.
- Transportation costs, especially those related to students with IEP's, are expected to continue increasing.
- Food costs have increased and are anticipated to continue to do so in the coming year.

The District continues to reduce and reallocate expenditures to an alignment better suited to mission and current circumstance. It is the intention of the Superintendent to keep purchase orders to a minimum and costs to a very low level both as good practice and as a hedge against declining enrollment (minor) and uncertainty (major) until the fiscal situation is more predictable. Finally, a long term plan, based on the whole community's input, is in the works.

In SY 2015-16, the District maintained a "Performance" (Accredited) rating on the CO state system, despite an increase in the at-risk student population. The District continues to institute a comprehensive improvement process. The District continues to create or expand ties with national and regional organizations with the experience and expertise to support The District's goals.

The priority for the short term is (1) compliance with legal mandates, especially special education and federal title designated students (2) maintaining the integrity of buildings and grounds and (3) improving the speed, reliability and functionality of the district's computer network. Related to priority #3, the expansion of an enterprise-wide data system is integral to state-mandated school improvement processes as well as increased fiscal efficiency. Related to #1, Yuma (like most CO districts) will remain vigilant as to effects related to planning and forecasting.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Yuma School District-1, 418 South Main Street, Yuma, Colorado 80759.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

YUMA SCHOOL DISTRICT-1
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash	\$ 6,181,424
Cash with fiscal agent	1,170,562
Certificates of deposit	1,145,755
Receivables	217,991
Inventories	11,535
Capital assets, net of depreciation	<u>11,256,435</u>
Total assets	19,983,702
Deferred outflows of resources	
Deferred charges on refundings of bonds	227,366
Pension deferrals	<u>2,226,574</u>
Total deferred outflows of resources	<u>2,453,940</u>
Total assets and deferred outflows of resources	<u><u>\$ 22,437,642</u></u>
Liabilities	
Accounts payable	\$ 34,853
Accrued salaries and benefits	665,584
Payroll deductions and withholdings	121,379
Accrued interest payable	59,025
Noncurrent liabilities	
Due within one year	580,000
Due in more than one year	<u>21,347,444</u>
Total liabilities	22,808,285
Deferred inflows of resources	
Pension deferrals	416,458
Net position	
Net investment in capital assets	6,371,921
Restricted for:	
Emergencies	231,000
Debt service	1,068,333
Unrestricted (deficit)	<u>(8,458,355)</u>
Total net position (deficit)	<u>(787,101)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 22,437,642</u></u>

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

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YUMA SCHOOL DISTRICT-1
Statement of Activities
For the Year Ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 5,683,155	\$ 17,900	\$ 799,618	
Supporting services				
Students	200,198		83,134	
Instructional staff	224,484			
General administration	284,614			
School administration	924,365			
Business services	148,226			
Operations and maintenance	1,067,314			
Student transportation	367,454		85,863	
Central support services	266,150			
Other support services	28,276			
Food service operations	417,735	57,543	233,358	
Facilities acquisition	16,145			\$ 29,153
Unallocated depreciation *	360,284			
Interest and fiscal charges	163,837			
Total governmental activities	<u>\$ 10,152,237</u>	<u>\$ 75,443</u>	<u>\$ 1,201,973</u>	<u>\$ 29,153</u>

* This amount excludes depreciation that is included in the direct expenses of the various programs.

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 State categorical aid
 Earnings on investments
 Other

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (4,865,637)

(117,064)
(224,484)
(284,614)
(924,365)
(148,226)
(1,067,314)
(281,591)
(266,150)
(28,276)
(126,834)
13,008
(360,284)
(163,837)

(8,845,668)

3,370,000
713,513
440,284
9,237
3,782,405
22,284
283,764

8,621,487

(224,181)

(562,920)

\$ (787,101)

YUMA SCHOOL DISTRICT-1
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 6,152,627		\$ 28,797	\$ 6,181,424
Cash with fiscal agent	121,364	\$ 1,049,198		1,170,562
Certificates of deposit	1,145,755			1,145,755
Due from other funds			14,659	14,659
Property taxes receivable	138,910	29,417		168,327
Grants receivable	49,664			49,664
Inventories			11,535	11,535
Total assets	\$ 7,608,320	\$ 1,078,615	\$ 54,991	\$ 8,741,926
Liabilities				
Accounts payable	\$ 20,194		\$ 14,659	\$ 34,853
Due to other funds	14,659			14,659
Accrued salaries and benefits	640,685		24,899	665,584
Payroll deductions and withholdings	118,535		2,844	121,379
Total liabilities	794,073	\$ -	42,402	836,475
Deferred inflows of resources				
Deferred property tax revenues	48,556	10,282		58,838
Total deferred inflows of resources	48,556	10,282	-	58,838
Fund balance				
Nonspendable inventories			11,535	11,535
Restricted for:				
Emergencies	231,000			231,000
Debt service		1,068,333		1,068,333
Committed for capital purposes			2,362	2,362
Unassigned	6,534,691		(1,308)	6,533,383
Total fund balance	6,765,691	1,068,333	12,589	7,846,613
Total liabilities, deferred inflows of resources and fund balance	\$ 7,608,320	\$ 1,078,615	\$ 54,991	\$ 8,741,926

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

YUMA SCHOOL DISTRICT-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:

Total fund balance - governmental funds	\$ 7,846,613
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	11,256,435
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	58,838
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(59,025)
Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, capital lease obligations, accrued compensated absences and net pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(19,889,962)</u>
Net position (deficit) of the governmental activities	<u><u>\$ (787,101)</u></u>

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

YUMA SCHOOL DISTRICT-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 4,139,725	\$ 717,607	\$ 88,574	\$ 4,945,906
Intermediate sources	3,152			3,152
State sources	4,570,160		5,562	4,575,722
Federal sources	180,860		227,796	408,656
Total revenues	8,893,897	717,607	321,932	9,933,436
Expenditures				
Instruction	5,138,776			5,138,776
Supporting services	3,002,438		385,496	3,387,934
Capital outlay			154,427	154,427
Debt service				
Principal retirement		540,000	53,978	593,978
Interest and fiscal charges		142,979	2,213	145,192
Bond issuance costs		32,966		32,966
Total expenditures	8,141,214	715,945	596,114	9,453,273
Excess of revenues over (under) expenditures	752,683	1,662	(274,182)	480,163
Other financing sources (uses)				
Transfers in			249,777	249,777
Proceeds of refunding bonds		3,155,000		3,155,000
Premium on bonds		333,036		333,036
Transfers out	(249,777)			(249,777)
Payment to escrow agent		(3,454,532)		(3,454,532)
Total other financing sources (uses)	(249,777)	33,504	249,777	33,504
Net change in fund balance	502,906	35,166	(24,405)	513,667
Fund balance at beginning of year	6,262,785	1,033,167	36,994	7,332,946
Fund balance at end of year	<u>\$ 6,765,691</u>	<u>\$ 1,068,333</u>	<u>\$ 12,589</u>	<u>\$ 7,846,613</u>

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

YUMA SCHOOL DISTRICT-1

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
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 - governmental funds	\$ 513,667
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlay in the current period.	(490,895)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(5,918)
In the statement of activities, certain expenses related to the pension liabilities and related deferred outflows and inflows, compensated absences and accrued interest payable - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(801,509)
The bond proceeds are reported as a revenue in the governmental funds, however, they are reported as long-term liability in the statement of activities.	(3,155,000)
Bonds issued at a premium provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position.	(333,036)
Repayment of principal on general obligation bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>4,048,510</u>
Change in net position of governmental activities	<u>\$ (224,181)</u>

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

YUMA SCHOOL DISTRICT-1
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Fund</u>
Assets	
Cash	\$ 107,391
Certificates of deposit	<u>12,617</u>
Total assets	<u>\$ 120,008</u>
Liabilities	
Due to student groups	<u>\$ 120,008</u>
Total liabilities	<u>\$ 120,008</u>

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Yuma School District-1's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Yuma School District-1 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

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

Pupil Activity Agency Fund – This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

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 (expenditure) until then.

In addition to liabilities, the statement of financial position 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

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

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10-40 years
Transportation equipment	5-15 years
Other equipment	5-10 years

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absence benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Full-time, twelve-month classified personnel receive vacation leave of between five and fifteen days per year, depending on the number of complete years of service with the District. Vacation leave is not a vested benefit, therefore no provision is included in the financial statements.

Professional and administrative staff receive sick leave of between seven and eight and one-half days per year, depending on their classification, and will be paid for up to twenty days at the current one-day substitute's rate (currently \$75 per day). Support staff receive sick leave of between seven and eight and one-half days per year, depending on their classification, and will be paid for up to twenty days at the employees' per diem or at a rate not to exceed \$42.50 per day, whichever is less.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A.11 – Fund balance

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

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

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$7,475,171, of which \$352,051 was insured and \$7,123,120 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the U. S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District only held investments in certificates of deposit which are maintained in the General Fund and Pupil Activity Fund.

The following table provides a reconciliation of cash and investments:

Cash in bank	\$ 6,288,255
Cash on hand	560
Certificates of deposit	<u>1,158,372</u>
Total	<u>\$ 7,447,187</u>
 <u>Statement of net position</u>	
Cash	\$ 6,181,424
Certificates of deposit	<u>1,145,755</u>
Subtotal	7,327,179
 <u>Statement of fiduciary net position</u>	
Cash	107,391
Certificates of deposit	<u>12,617</u>
Subtotal	<u>120,008</u>
Total	<u>\$ 7,447,187</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note C – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 14,659
Other governmental funds	<u>14,659</u>	<u>-</u>
Total	<u>\$ 14,659</u>	<u>\$ 14,659</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Other governmental funds	\$ 249,777	\$ -
General fund	<u>-</u>	<u>249,777</u>
Total	<u>\$ 249,777</u>	<u>\$ 249,777</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$180,970 from the General fund to the Capital Reserve Capital Projects Fund to set moneys aside for future capital outlays acquisition. The District also transferred \$68,807 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District's food service operations.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 168,327
Grants receivable	<u>49,664</u>
Total	<u>\$ 217,991</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the District in the subsequent month.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,143,489	\$ 28,162	\$ -	\$ 20,171,651
Transportation equipment	1,539,797	-	-	1,539,797
Other equipment	<u>915,271</u>	<u>15,150</u>	-	<u>930,421</u>
Total capital assets	22,598,557	43,312	-	22,641,869
Less accumulated depreciation for:				
Buildings and improvements	(9,130,140)	(386,390)	-	(9,516,530)
Transportation equipment	(1,108,997)	(59,325)	-	(1,168,322)
Other equipment	<u>(612,090)</u>	<u>(88,492)</u>	-	<u>(700,582)</u>
Total accumulated depreciation	<u>(10,851,227)</u>	<u>(534,207)</u>	-	<u>(11,385,434)</u>
Governmental activities capital assets, net	<u>\$ 11,747,330</u>	<u>\$ (490,895)</u>	<u>\$ -</u>	<u>\$ 11,256,435</u>

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 21,071
Operations and maintenance	26,137
Student transportation	59,325
Central support services	57,679
Food service operations	9,711
Unallocated	<u>360,284</u>
Total	<u>\$ 534,207</u>

Note F – Accrued salaries and benefits

Salaries and 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 not paid at year-end are estimated to be \$665,584. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning</u> <u>Balances</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental					
Activities					
Compensated absences	\$ 84,847	\$ -	\$ (3,853)	\$ 80,994	\$ -
Capital lease obligations	53,978	-	(53,978)	-	-
Bonds payable	5,575,000	3,155,000	(3,960,000)	4,770,000	580,000
Bond discount	(21,088)	21,088	-	-	-
Bond premium	53,803	333,036	(44,959)	341,880	-
Net pension liability	<u>15,082,706</u>	<u>1,651,864</u>	<u>-</u>	<u>16,734,570</u>	<u>-</u>
Total	<u>\$ 20,829,246</u>	<u>\$ 5,160,988</u>	<u>\$ (4,062,790)</u>	<u>\$ 21,927,444</u>	<u>\$ 580,000</u>

The compensated absences and net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported. Bond payments will be made in the Bond Redemption Fund.

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$2,700,000 general obligation refunding bonds, dated June 6, 2012, due in annual installments ranging from \$25,000 to \$550,000; with a fixed interest rate of 2.00%, payable semi-annually on February 15 th and August 15 th .	\$ 1,615,000
\$3,155,000 general obligation refunding bonds, dated October 19, 2015, due in annual installments ranging from \$55,000 to \$670,000; varying interest rates ranging from 2.00% to 4.000%, payable semi-annually on February 15 th and August 15 th .	<u>3,155,000</u>
Total general obligation bonds	<u>\$ 4,770,000</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District’s debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 580,000	\$ 151,600	\$ 731,600
2018	540,000	140,400	680,400
2019	550,000	129,500	679,500
2020	565,000	112,700	677,700
2021	600,000	89,400	689,400
2022-2024	<u>1,935,000</u>	<u>118,300</u>	<u>2,053,300</u>
Totals	<u>\$ 4,770,000</u>	<u>\$ 741,900</u>	<u>\$ 5,511,900</u>

Advance refunding

On October 19, 2015, the District issued \$3,155,000 in general obligation refunding bonds with variable interest rates ranging from 2.00% to 4.00% to advance refund \$3,420,000 of outstanding Series 2006 bonds with variable interest rates ranging from 2.00% to 4.00%. The net proceeds of \$3,454,532 (after payment of \$32,966 in underwriting fees, insurance and other issuance costs) were deposited into an escrow account created pursuant to an agreement between the District and its escrow agent. The moneys in the account were used to purchase United States government securities which will provide for all debt service payments on the advance refunded bonds. As a result, \$3,420,000 of the Series 2006 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The District advance refunded the Series 2006 bonds to reduce its total debt service payments over the next 8 years by \$346,125 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$324,534.

Prior year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At year-end, \$4,850,000 of bonds outstanding are considered defeased.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan

Summary of significant accounting policies

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

General information about the pension plan

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

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit 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% of PERA's Annual Increase Reserve (AIR) 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 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, <u>2015</u>	For the Year Ended December 31, <u>2016</u>
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>4.00%</u>	<u>4.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>17.33%</u></u>	<u><u>18.13%</u></u>

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$899,590 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources

At year-end, the District reported a liability of \$16,734,570 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2015, the District’s proportion was 0.1094 percent, which was an decrease of 0.0019 percent from its proportion measured as of December 31, 2014.

For the year, the District recognized pension expense of \$1,719,813. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 220,982	\$ 697
Changes of assumptions or other inputs	-	236,489
Net difference between projected and actual earnings on pension plan investments	1,422,908	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	123,748	179,272
Contributions subsequent to the measurement date	<u>458,936</u>	<u>-</u>
Total	<u>\$ 2,226,574</u>	<u>\$ 416,458</u>

\$458,936 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 375,645
2018	353,930
2019	329,822
2020	<u>291,783</u>
Totals	<u>\$ 1,351,180</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	financed by the annual increase reserve

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

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

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

- 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

The following methodology changes were made:

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	26.76%	5.00%
U.S. equity – small cap	4.40%	5.19%
Non U.S. equity – developed	22.06%	5.29%
Non U.S. equity – emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long duration government credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	7.00%	7.15%
 Total	 <u>100.00%</u>	

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 projects year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimate future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	<u>\$ 21,692,894</u>	<u>\$ 16,734,570</u>	<u>\$ 12,610,170</u>

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.

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note I – Defined contribution pension plan

Voluntary Investment Program

Plan description. Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report of 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. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$14,076 for the Voluntary Investment Program.

Note J – Other postemployment benefits

Health Care Trust Fund

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

Funding policy. The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended June 30, 2016, 2015 and 2014, the District's contributions to the HCTF were \$48,939, \$48,270 and \$46,138, respectively, equal to their required contributions for each year.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$79,583. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$231,000 for the emergency reserve.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

Budget law

Expenditures in the Capital Reserve Capital Projects Fund exceeded appropriations by \$6,073 and may be in violation of Colorado Local Government Budget Laws.

Note M – Joint venture

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

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

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado. For the year, the District's financial contribution was \$252,193.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of District Contributions

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 3,862,677	\$ 4,052,676	\$ 4,139,725	\$ 87,049
Intermediate sources	3,520	3,152	3,152	-
State sources	4,372,842	4,320,609	4,570,160	249,551
Federal sources	218,657	209,341	180,860	(28,481)
Total revenues	8,457,696	8,585,778	8,893,897	308,119
Expenditures				
Instruction	5,283,677	5,245,194	5,138,776	106,418
Supporting services	2,914,964	3,087,891	3,002,438	85,453
Appropriated reserves	6,309,877	6,262,785		6,262,785
Total expenditures	14,508,518	14,595,870	8,141,214	6,454,656
Excess of revenues over (under) expenditures	(6,050,822)	(6,010,092)	752,683	6,762,775
Other financing uses				
Transfers out	(234,472)	(252,693)	(249,777)	2,916
Net change in fund balance	\$ (6,285,294)	\$ (6,262,785)	502,906	\$ 6,765,691
Fund balance at beginning of year			6,262,785	
Fund balance at end of year			\$ 6,765,691	

YUMA SCHOOL DISTRICT-1
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.1094170824%	0.1112838971%
District's proportionate share of the net pension liability	\$ 16,734,570	\$ 15,082,706
District's covered-employee payroll	\$ 4,797,917	\$ 4,732,362
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	348.79%	318.71%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

YUMA SCHOOL DISTRICT-1
Schedule of District Contributions ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 899,590	\$ 847,100
Contributions in relation to the contractually required contribution	<u>(899,590)</u>	<u>(847,100)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,797,917	\$ 4,732,362
Contributions as a percentage of covered-employee payroll	18.75%	17.90%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

YUMA SCHOOL DISTRICT-1
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Supplemental appropriations were made during the year.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,310,060	\$ 3,476,128	\$ 3,373,621	\$ (102,507)
Specific ownership taxes	390,117	331,048	440,284	109,236
Delinquent taxes and interest	5,500	7,000	7,504	504
Tuition	7,500	11,900	17,900	6,000
Earnings on investments	15,000	15,000	22,105	7,105
Pupil activities	71,000	76,500	99,972	23,472
Other local sources	63,500	135,100	178,339	43,239
Total local sources	3,862,677	4,052,676	4,139,725	87,049
Intermediate sources	3,520	3,152	3,152	-
State sources				
Equalization	3,861,257	3,784,064	3,782,405	(1,659)
Hold harmless kindergarten	49,000	51,000	51,235	235
Vocational education	45,000	50,220	33,457	(16,763)
ELPA professional development		5,200	62,453	57,253
English language proficiency act	120,000	105,000	41,990	(63,010)
Transportation	84,300	83,300	85,803	2,503
School counselor grant	80,000	83,134	83,134	-
Implementing state educational priorities	30,000			-
READ Act		36,235	36,235	-
State grants to libraries	3,000	3,000	3,500	500
Small rural schools funding			203,690	203,690
Additional at-risk funding			6,893	6,893
Services within the BOCES	100,285	119,456	179,365	59,909
Total state sources	4,372,842	4,320,609	4,570,160	249,551
Federal sources				
Title I	160,751	175,840	154,662	(21,178)
Title II-A	35,202	9,685	17,841	8,156
Title III	17,959	20,270	2,618	(17,652)
Race to the top		1,301	1,301	-
Title III-A			60	60
Services within the BOCES	4,745	2,245	4,378	2,133
Total federal sources	218,657	209,341	180,860	(28,481)
Total revenues	\$ 8,457,696	\$ 8,585,778	\$ 8,893,897	\$ 308,119

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YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 3,541,150	\$ 3,437,874	\$ 3,288,772	\$ 149,102
Employee benefits	1,260,901	1,228,840	1,145,793	83,047
Purchased services	356,195	360,175	459,117	(98,942)
Supplies and materials	88,371	158,515	142,130	16,385
Property	21,600	41,890	79,228	(37,338)
Other	15,460	17,900	23,736	(5,836)
Total instruction	5,283,677	5,245,194	5,138,776	106,418
Supporting services				
Students				
Salaries	108,203	124,569	129,289	(4,720)
Employee benefits	41,346	43,912	43,454	458
Purchased services	150	7,195	6,002	1,193
Supplies and materials	250	100	59	41
Other	100	75	75	-
Total students	150,049	175,851	178,879	(3,028)
Instructional staff				
Salaries	84,115	136,746	127,881	8,865
Employee benefits	36,562	54,003	42,191	11,812
Purchased services	15,500	21,923	21,392	531
Supplies and materials	12,450	9,660	11,004	(1,344)
Other	100	3,500	929	2,571
Total instructional staff	148,727	225,832	203,397	22,435
General administration				
Salaries	126,564	132,564	127,951	4,613
Employee benefits	43,000	43,682	42,792	890
Purchased services	82,650	64,751	54,737	10,014
Supplies and materials	7,300	6,700	3,134	3,566
Property		7,000	6,787	213
Other	16,350	33,950	28,114	5,836
Total general administration	275,864	288,647	263,515	25,132

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	549,806	566,736	602,962	(36,226)
Employee benefits	173,319	197,029	201,845	(4,816)
Purchased services	19,950	19,650	20,273	(623)
Supplies and materials			31	(31)
Property			(173)	173
Total school administration	743,075	783,415	824,938	(41,523)
Business services				
Salaries	92,853	93,988	99,293	(5,305)
Employee benefits	31,805	31,659	31,720	(61)
Purchased services	600	600	840	(240)
Total business services	125,258	126,247	131,853	(5,606)
Operations and maintenance				
Salaries	279,611	279,351	264,689	14,662
Employee benefits	108,161	107,557	94,532	13,025
Purchased services	322,465	326,454	350,851	(24,397)
Supplies and materials	297,400	339,400	280,942	58,458
Property	2,500	5,233	5,899	(666)
Other	900	700	617	83
Total operations and maintenance	1,011,037	1,058,695	997,530	61,165
Student transportation services				
Salaries	132,371	132,371	127,599	4,772
Employee benefits	55,749	51,107	45,477	5,630
Purchased services	53,150	53,150	51,180	1,970
Supplies and materials	79,200	79,200	62,832	16,368
Property	500	500		500
Total student transportation services	320,970	316,328	287,088	29,240

(Continued)

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	55,870	55,870	55,870	-
Employee benefits	17,810	17,586	17,157	429
Purchased services	34,284	7,700	14,485	(6,785)
Supplies and materials	500	500	392	108
Property	4,000	4,000	1,234	2,766
Total central support services	112,464	85,656	89,138	(3,482)
Other support services				
Salaries	10,000	10,000	13,199	(3,199)
Employee benefits	2,020	2,020	1,960	60
Purchased services	15,000	15,000	10,941	4,059
Total other support services	27,020	27,020	26,100	920
Non-instructional services				
Supplies and materials	500	200		200
Total supporting services	2,914,964	3,087,891	3,002,438	85,453
Appropriated reserves	6,309,877	6,262,785		6,262,785
Total expenditures	<u>\$ 14,508,518</u>	<u>\$ 14,595,870</u>	<u>\$ 8,141,214</u>	<u>\$ 6,454,656</u>

**Combining Statements and Budgetary Comparison Schedules -
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

YUMA SCHOOL DISTRICT-1
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Food Service	Capital Reserve Capital Projects	Totals
Assets			
Cash	\$ 26,435	\$ 2,362	\$ 28,797
Due from other funds		14,659	14,659
Inventories	11,535		11,535
Total assets	\$ 37,970	\$ 17,021	\$ 54,991
Liabilities			
Accounts payable		\$ 14,659	\$ 14,659
Accrued salaries and benefits	\$ 24,899		24,899
Payroll deductions and withholdings	2,844		2,844
Total liabilities	27,743	14,659	42,402
Fund balance			
Nonspendable inventories	11,535		11,535
Committed for capital purposes		2,362	2,362
Unassigned	(1,308)		(1,308)
Total fund balance	10,227	2,362	12,589
Total liabilities and fund balance	\$ 37,970	\$ 17,021	\$ 54,991

YUMA SCHOOL DISTRICT-1
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Food Service	Capital Reserve Capital Projects	Totals
Revenues			
Local sources	\$ 58,877	\$ 29,697	\$ 88,574
State sources	5,562		5,562
Federal sources	227,796		227,796
Total revenues	292,235	29,697	321,932
Expenditures			
Supporting services	385,496		385,496
Capital outlay		154,427	154,427
Debt service			
Principal retirement		53,978	53,978
Interest and fiscal charges		2,213	2,213
Total expenditures	385,496	210,618	596,114
Excess of revenues over (under) expenditures	(93,261)	(180,921)	(274,182)
Other financing sources			
Transfers in	68,807	180,970	249,777
Net change in fund balance	(24,454)	49	(24,405)
Fund balance at beginning of year	34,681	2,313	36,994
Fund balance at end of year	<u>\$ 10,227</u>	<u>\$ 2,362</u>	<u>\$ 12,589</u>

YUMA SCHOOL DISTRICT-1
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 65,960	\$ 65,960	\$ 58,877	\$ (7,083)
State sources	6,800	6,800	5,562	(1,238)
Federal sources	272,236	272,236	227,796	(44,440)
Total revenues	344,996	344,996	292,235	(52,761)
Expenditures				
Salaries and benefits	207,282	206,740	209,878	(3,138)
Purchased services	5,650	5,650	5,495	155
Supplies and materials	163,736	163,736	165,076	(1,340)
Property	2,800	2,800	5,047	(2,247)
Appropriated reserves	123,869	34,681		34,681
Total expenditures	503,337	413,607	385,496	28,111
Excess of revenues over (under) expenditures	(158,341)	(68,611)	(93,261)	(80,872)
Other financing sources				
Transfers in	34,472	33,930	68,807	34,877
Net change in fund balance	\$ (123,869)	\$ (34,681)	(24,454)	\$ (45,995)
Fund balance at beginning of year			34,681	
Fund balance at end of year			\$ 10,227	

YUMA SCHOOL DISTRICT-1
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 50	\$ 50	\$ 44	\$ (6)
Other local revenue		38,133	29,653	(8,480)
Total revenues	50	38,183	29,697	(8,486)
Expenditures				
Capital outlay				
Purchased services		100	14,712	(14,612)
Building improvements	200,000	38,133	29,595	8,538
Technology		110,120	110,120	-
Debt service				
Principal retirement		45,964	53,978	(8,014)
Interest and fiscal charges		10,228	2,213	8,015
Total expenditures	200,000	204,545	210,618	(6,073)
Excess of revenues over (under) expenditures	(199,950)	(166,362)	(180,921)	(14,559)
Other financing sources				
Transfer in	200,000	166,362	180,970	14,608
Net change in fund balance	\$ 50	\$ -	49	\$ 49
Fund balance at beginning of year			2,313	
Fund balance at end of year			\$ 2,362	

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Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

Debt Service Funds – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

YUMA SCHOOL DISTRICT-1
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 765,800	\$ 580,000	\$ 715,810	\$ 135,810
Delinquent taxes and interest		131,685	1,733	(129,952)
Earnings on investments			64	64
Total revenues	765,800	711,685	717,607	5,922
Expenditures				
Debt service				
Principal retirement	515,000	580,000	540,000	40,000
Interest and fiscal charges	250,800	131,685	142,979	(11,294)
Bond issuance costs			32,966	(32,966)
Appropriated reserves	1,032,187	1,033,167		1,033,167
Total expenditures	1,797,987	1,744,852	715,945	1,028,907
Excess of revenues over (under) expenditures	(1,032,187)	(1,033,167)	1,662	1,034,829
Other financing sources (uses)				
Proceeds of refunding bonds			3,155,000	(3,155,000)
Premium on bonds			333,036	(333,036)
Payment to escrow agent			(3,454,532)	3,454,532
Total other financing sources (uses)	-	-	33,504	(33,504)
Net change in fund balance	\$ (1,032,187)	\$ (1,033,167)	35,166	\$ 1,001,325
Fund balance at beginning of year			1,033,167	
Fund balance at end of year			\$ 1,068,333	

Budgetary Comparison Schedule - Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Agency funds - These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities). These funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

- Pupil Activity Agency Fund - This fund is an agency fund used to record transactions related to school-sponsored pupil organizations and activities.

YUMA SCHOOL DISTRICT-1
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 350,000	\$ 500,000	\$ 199,310	\$ (300,690)
Deductions				
Pupil activity expenditures	350,000	500,000	211,655	288,345
Excess of additions over (under) deductions	\$ -	\$ -	(12,345)	\$ (12,345)
Due to student groups at beginning of year			132,353	
Due to student groups at end of year			\$ 120,008	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Yuma School District-1
Yuma, Colorado

We have audited the financial statements of the Yuma School District-1 (the District) as of and for the year ended June 30, 2016, and our report thereon dated November 29, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 29, 2016



Colorado Department of Education
Auditors Integrity Report
 District 3200 - YUMA 1
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type (Number)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (68800*) Ending Fund Balance
Governmental			
10 General Fund	5,372,164	4,000,046	4,755,611
18 Multi-Fund Sub-fund of General Fund	0	0	0
18 Colorado Post-School Program Fund	12,316	132,788	2
Sub-Total	5,384,480	4,132,834	4,755,613
11 Charter School Fund	0	0	0
20 25-29 Social Revenue Fund	0	0	0
21 Food Service Spec Revenue Fund	34,581	0	0
22 Govt Designated-Purpose Grants Fund	0	397,000	10,277
23 Public Activity Special Revenue Fund	0	0	0
24 Full Day Kindergarten with Levy Override	0	0	0
25 Transportation Fund	0	0	0
31 Bond Redemption Fund	1,033,167	4,170,477	1,068,332
39 Certificate of Participation (COPI) Debt Service Fund	0	0	0
41 Building Fund	0	0	0
42 Special Building Fund	0	0	0
43 Capital Reserve Capital Projects Fund	2133	210,667	2,362
Totals	7,382,646	13,451,472	7,246,513
Proprietary			
50 Other Enterprise Funds	0	0	0
64 31 Reallocated Activity Fund	0	0	0
66 11-43 Other Internal Service Funds	0	0	0
Totals	0	0	0
Fiduciary			
70 Other Trust and Agency Funds	0	0	0
72 Private Purpose Trust Fund	0	0	0
73 Agency Fund	0	0	0
74 Public Agency Agency Fund	132,332	199,210	120,008
79 Cash Management Fund	0	0	0
85 Revocable	0	0	0
Totals	132,332	199,210	120,008
FINAL	132,332	199,210	120,008

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