

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY SCHOOL

DISTRICT RE-1

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2017

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2017

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LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2017

BOARD OF EDUCATION

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

SCHOOL OFFICIALS

Scott Mader	Superintendent
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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension trend data on pages i through ix, 37 through 41 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Las Animás County School District Number RE-1's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of Las Animás County School District Number RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Las Animás County School District Number RE-1's internal control over financial reporting and compliance.

Sidore, Waller & Co., Inc.

September 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Trinidad School District #1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

Las Animas County School District Number RE-1 (commonly known as Trinidad School District #1) is located in extreme southern Colorado along the I-25 corridor with a funded pupil count of 1,088.3 based on 5-year state averaging as of the October 1, 2016 compared to 1,149.2 the prior year.

FINANCIAL HIGHLIGHTS

Funding from the Public School Finance Act totaled \$8,666,540 for 2016-17 compared to \$8,836,468 the prior year. Public School Finance Act funding decreased by \$169,928 due to an increase in per pupil funding offset by a decrease in enrollment by 61 students. Public School Finance Act funding makes up 80% of the District's governmental fund revenue reported on the Fund Financial Statements. The state share exclusive of property taxes collected at the local level is \$7,171,723 for 2016-17 compared to \$7,158,046 the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-wide Financial Statements:

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

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

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

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

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

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

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

Fund Financial Statements:

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

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

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the district-wide financial statements. Unlike the district-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed *short-term* view of the District's general government operations and may be useful in evaluating the District's near-term financing requirements.

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

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

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

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

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

Notes to the Basic Financial Statements:

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

Required Supplementary Information:

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Comparative data for the 2016-17 and 2015-16 fiscal years are presented below.

	June 30, 2017	June 30, 2016	Net Change
Assets			
Current and other	\$ 3,596,839	\$ 4,560,442	\$ (963,603)
Capital (net)	\$ 7,196,565	\$ 7,666,835	\$ (470,270)
Total Assets	\$ 10,793,404	\$ 12,227,277	\$ (1,433,873)
Deferred Outflow of Resources			
Deferred Refunding	\$ 24,381	\$ 36,915	\$ (12,534)
Deferred Pension Cost- Entity	\$ 475,247	\$ 765,032	\$ (289,785)
Deferred Pension Cost- Plan	\$ 14,258,619	\$ 1,964,552	\$ 12,294,067
Deferred Pension - Subsequent Contr	\$ 564,766	\$ 533,562	\$ 31,204
Total Deferred Outflow of Resourc	\$ 15,323,013	\$ 3,300,061	\$ 12,022,952
Liabilities			
Current	\$ 1,051,754	\$ 1,247,522	\$ (195,768)
Non-Current (debt)	\$ 41,970,448	\$ 24,065,330	\$ 17,905,118
Total Liabilities	\$ 43,022,202	\$ 25,312,852	\$ 17,709,350
Deferred Inflow of Resources			
Deferred Pension Cost- Entity	\$ 446,811	\$ 695,159	\$ (248,348)
Deferred Pension Cost- Plan	\$ 173,924	\$ 283,452	\$ (109,528)
Total Deferred Inflow of Resources	\$ 620,735	\$ 978,611	\$ (357,876)
Net Position			
Net Investment in Capital Assets	\$ 4,276,565	\$ 4,121,835	\$ 154,730
Restricted	\$ 1,117,684	\$ 1,149,773	\$ (32,089)
Unrestricted	\$ (22,920,769)	\$ (16,035,733)	\$ (6,885,036)
Total Net Position	\$ (17,526,520)	\$ (10,764,125)	\$ (6,762,395)

Highlights from the Statement of Net Position

1. Cash and investments reported as current assets decreased by \$865,936 primarily due to expenditures exceeding revenues from current operations.
2. Capital assets decreased \$470,270 due in part to annual depreciation totaling \$419,750.
3. Accounts payable reported as current liabilities decreased \$238,747 due in part to major repairs at the prior year end caused by storm damage to facilities.
4. Noncurrent liabilities increased \$17,905,118 primarily due to the increase to the District's share of the PERA pension liability as a result of significant modifications by PERA to assumptions used to compute pension liabilities.
5. Deferred outflow of resources increased \$12,022,952 while deferred inflows decreased \$357,876 for a net increase of \$12,380,828 entirely due to changes to pension cost computations and related assumptions.

Statement of Activities

The *Statement of Activities* presents information regarding how the District's net position changed during the fiscal year. Comparison of activities for fiscal years 2016-17 and 2015-16 are presented below:

	Fiscal Year 2016-17	Fiscal Year 2015-16	Net Change
REVENUES & TRANSFERS			
PROGRAM REVENUES			
Charges for Services	\$ 168,944	\$ 86,905	\$ 82,039
Operating Grants/Contributions	\$ 1,152,935	\$ 1,365,131	\$ (212,196)
Capital Grants/Contributions	\$ -	\$ 141,024	\$ (141,024)
GENERAL REVENUES			
Property Taxes	\$ 1,881,012	\$ 2,027,863	\$ (146,851)
Specific Ownership Tax	\$ 308,451	\$ 288,295	\$ 20,156
State Equalization	\$ 7,171,723	\$ 7,158,046	\$ 13,677
Earnings on Investment	\$ 6,216	\$ 5,967	\$ 249
Other Revenues	\$ 151,611	\$ 336,486	\$ (184,875)
TRANSFERS	\$ -	\$ -	\$ -
Total Revenue & Transfers	\$ 10,840,892	\$ 11,409,717	\$ (568,825)
EXPENDITURES			
INSTRUCTION	\$ 6,104,706	\$ 5,730,968	\$ 373,738
SUPPORT SERVICES			
Students	\$ 722,580	\$ 736,256	\$ (13,676)
Instructional Staff	\$ 285,576	\$ 513,014	\$ (227,438)
District Administration	\$ 314,296	\$ 348,481	\$ (34,185)
School Administration	\$ 858,385	\$ 838,711	\$ 19,674
Business	\$ 290,020	\$ 324,455	\$ (34,435)
Maintenance & Operations	\$ 1,111,462	\$ 1,152,353	\$ (40,891)
Transportation	\$ 411,389	\$ 467,158	\$ (55,769)
Central Support	\$ 422,976	\$ 388,256	\$ 34,720
Food Service	\$ 688,804	\$ 682,751	\$ 6,053
Other Support	\$ 181,841	\$ 74,249	\$ 107,592
Capital Outlay	\$ -	\$ 2,000	\$ (2,000)
Interest on Long Term Debt	\$ 110,219	\$ 125,063	\$ (14,844)
Amortization of Pension Cost	\$ 6,101,033	\$ 774,770	\$ 5,326,263
Total Expenditures/Expense	\$ 17,603,287	\$ 12,158,485	\$ 5,444,802
Change in Net Position	\$ (6,762,395)	\$ (748,768)	\$ (6,013,627)
Net Position - Beginning	\$ (10,764,125)	\$ (8,911,281)	\$ (1,852,844)
Prior Period Adjustment	\$ -	\$ (1,104,076)	\$ 1,104,076
Net Position - Ending	\$ (17,526,520)	\$ (10,764,125)	\$ (6,762,395)

Highlights from the Statement of Activities

1. Net position decreased \$6,762,395 during 2016-17 compared to \$748,768 the prior year due in part to the changes in the District's share of PERA pension liabilities as a result of changes in assumptions to compute the liability.
2. Revenues decreased \$568,825 due to decreases in grants in 2016-17 and the sale of a facility in 2015-16.
3. Expenditures increased \$5,444,802 of which \$5,326,263 is the result of changes to the District's share of the PERA pension liabilities.
4. Changes in the assumptions used to compute the PERA pension liability contributed to the increase in the District's share of the liability which increased to \$38,493,259 for 2016-17 compared to \$19,998,864 the prior year. This increase is offset by the \$12,380,828 change in net deferred inflows and outflows.

GOVERNMENTAL ACTIVITIES

The primary source of operating revenue for the District is the Public School Finance Act whereby the District received per pupil funding of \$7,966 for 2016-17 compared to \$7,668 the prior year. The District's average funded pupil count for 2016-17 was 1088.3 compared to 1149.2 for 2015-16. Funding for the school finance act comes from property taxes, specific ownership taxes, and state equalization. The District also receives a significant portion of its revenue from local, state, and federal grants. The District uses these sources to fund its programs and related services as well as service debt.

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

Source Of Revenue	2016-17	2015-16	2016-17	2015-16
State Equalization	\$ 7,171,723	\$ 7,158,046	66%	63%
Property Tax	\$ 1,881,012	\$ 2,027,863	17%	18%
Specific Ownership Tax	\$ 308,451	\$ 288,295	3%	3%
Grants	\$ 1,152,935	\$ 1,506,155	11%	13%
All other	\$ 326,771	\$ 429,358	3%	4%
	\$ 10,840,892	\$ 11,409,717	100%	100%

Use Of Revenue	2016-17	2015-16	2016-17	2015-16
Instruction	\$ 6,104,706	\$ 5,730,968	35%	47%
Support services	\$ 5,287,329	\$ 5,525,684	30%	45%
Debt Service	\$ 110,219	\$ 125,063	1%	1%
Capital Outlay	\$ -	\$ 2,000	0%	0%
Other	\$ 6,101,033	\$ 774,770	34%	6%
	\$ 17,603,287	\$ 12,158,485	100%	100%

Use of resources changed significantly from the prior year due to the net change in liabilities, inflows and outflows related to the District share of the PERA pension liabilities reported as other expenses. Since total use of resources increased to \$17,603,287 for 2016-17 compared to \$12,158,485 the prior year, the percent of instruction and support services costs decreased 12 and 15 percentage points respectively.

The governmental expenditures schedule below shows Total Cost of Service vs. the Net Cost of Service:

	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	\$ 6,104,706	5,554,027	5,730,968	5,205,330
Students	\$ 722,580	656,851	736,256	666,078
Instructional Staff	\$ 285,576	178,419	513,014	288,821
District Administration	\$ 314,296	314,296	348,481	348,481
School Administration	\$ 858,385	843,731	838,711	816,137
Business	\$ 290,020	290,020	324,455	324,455
Operation and Maintenance	\$ 1,111,462	1,063,224	1,152,353	1,145,353
Transportation	\$ 411,389	411,389	467,158	396,777
Central	\$ 422,976	420,865	388,256	378,485
Food Service	\$ 688,804	155,493	682,751	19,426
Other	\$ 181,841	181,841	76,249	76,249
Capital Outlay	\$ -	-	-	-
Interest on Long Term Debt	110,219	110,219	125,063	125,063
Pension Cost	\$ 6,101,033	6,101,033	774,770	774,770
Total	<u>17,603,287</u>	<u>16,281,408</u>	<u>12,158,485</u>	<u>10,565,425</u>

BUSINESS-TYPE ACTIVITIES

The District did not have any business-type activities in the 2016-17 fiscal year.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The District owns land with a carrying value of \$712,780 and building and improvements capitalized at \$21,019,125 at June 30, 2017. Vehicles and equipment totaled \$1,760,427. Food service equipment totaled \$485,894. The net carrying value of capital assets after subtracting accumulated depreciation is \$7,196,565. Current year additions totaled \$49,479 and included handicap ramps, a Honda Pioneer 700 Tractor/Mower, a Samsung OH55D display unit and kitchen equipment purchased through a Colorado Health Foundation grant. Depreciation for 2016-17 totaled \$419,750.

Long-term debt: On June 3, 2010 the District issued \$4,910,000 in General Obligation Refunding Bonds to refinance a portion of debt originally issued in 2000. Interest rates range from 2.0% to 4.0%. In August 2013, the District issued \$1,250,000 in Certificates of Participation with an interest rate of 3%. The proceeds were used to complete major building

improvements to reduce energy consumption and the related operating costs. See note to the financial statements for additional information regarding annual payments under these debt obligations. Additional detail is provided in Note 11 on page 36.

BUDGET HIGHLIGHTS

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

Revenues in the General Fund were \$263,981 less than expected, which is 2.8% variance. Expenditures and transfers to other funds were 6.2% less than the amount budgeted, a favorable variance of \$670,539. All programs were under budget except Food Service by \$29,029 and Other Support by \$160,281. Food service was over budget due to equipment purchases made from grants received for that purpose. Leave buyout and retirement incentives recorded as other support were over budget due to multiple resignations including personnel with high amounts of unused leave.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Colorado like other states faces significant economic challenges. The State has reduced its funding commitment to K-12 public education by more than 11% since 2009-10. For 2012-13 funding remained flat with base funding the same as the prior year. Though per pupil funding increased for 2013-14 enrollment declined causing a decrease in funding from the School Finance Act. This pattern of declining enrollment continued for the next three years. Funded pupil count decreased in 2014-15 by 70 while per pupil funding increased 7.3%, the first significant increase since 2008. In 2015-16 the funded pupil count decreased by 59 and per pupil funding increased by 5.9%. In 2016-17 the funded pupil count decreased by 61 and per pupil funding increased by 3.9%.

The District continues to subsidize the Food Service program. The transfer to cover the cost of operations decreased to \$110,000 in 2016-17 compared to \$141,000 in 2015-16. Another concern is that the District has a pattern of spending in excess of current revenues. Excess spending for 2016-17 in General Fund was \$871,521 reducing fund balance to \$1,575,098.

The District must proceed with caution in 2017-18 in light of the declining enrollment trend, continued economic uncertainty and a pattern of spending down reserves.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Total
ASSETS		
Cash and Equivalents	3,233,621	3,233,621
Accounts Receivable - Net	69,809	69,809
Accrued Revenue	64,354	64,354
Property Taxes Receivable	166,900	166,900
Inventories	12,155	12,155
Capital Assets	23,978,226	23,978,226
Accumulated Depreciation	(16,781,661)	(16,781,661)
Note Receivable	50,000	50,000
<u>Total Assets</u>	<u>10,793,404</u>	<u>10,793,404</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Refunding	24,381	24,381
Deferred Pension Cost - Entity	475,247	475,247
Deferred Pension Cost - Plan	14,258,619	14,258,619
Deferred Pension Cost - Contributions Subsequent to Pension Measurement Date	564,766	564,766
<u>Total Deferred Outflows</u>	<u>15,323,013</u>	<u>15,323,013</u>
LIABILITIES		
Accounts Payable	8,852	8,852
Accrued Salaries and Benefits	951,604	951,604
Grant Amounts Received in Advance	82,655	82,655
Accrued Interest Payable	8,643	8,643
Other Liabilities	-	-
NonCurrent Liabilities:		
Compensated Absences	505,897	505,897
Retirement Incentive Payable Due Within One Year	24,614	24,614
Bond Payments Due Within One Year	465,000	465,000
Bond Due In More Than One Year	1,495,000	1,495,000
Certificates of Participation Due Within One Year	75,000	75,000
Certificates of Participation Due In More Than One Year	885,000	885,000
Net Pension Liability	38,493,259	38,493,259
Unamortized Bond Premium	26,678	26,678
<u>Total Liabilities</u>	<u>43,022,202</u>	<u>43,022,202</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Pension Cost - Entity	446,811	446,811
Deferred Pension Cost - Plan	173,924	173,924
<u>Total Deferred Inflows</u>	<u>620,735</u>	<u>620,735</u>
NET POSITION		
Net Investment in Capital Assets	4,276,565	4,276,565
Restricted for:		
TABOR Reserve	281,000	281,000
Food Service	43,033	43,033
Debt Service	793,651	793,651
Unrestricted	(22,920,769)	(22,920,769)
TOTAL NET POSITION	(17,526,520)	(17,526,520)

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Primary Government	
		Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total
FUNCTIONS						
Instructional Services	6,104,706	118,702	431,977	-	(5,554,027)	(5,554,027)
Supporting Services:						
Students	722,580	-	65,729	-	(656,851)	(656,851)
Instructional Staff	285,576	-	107,157	-	(178,419)	(178,419)
District Administration	314,296	-	-	-	(314,296)	(314,296)
School Administration	858,385	-	14,654	-	(843,731)	(843,731)
Business	290,020	-	-	-	(290,020)	(290,020)
Operation & Maintenance of Facilities	1,111,462	2,700	45,538	-	(1,063,224)	(1,063,224)
Transportation	411,389	-	-	-	(411,389)	(411,389)
Central Support	422,976	-	2,111	-	(420,865)	(420,865)
Food Service	688,804	47,542	485,769	-	(155,493)	(155,493)
Other	181,841	-	-	-	(181,841)	(181,841)
Capital Outlay	-	-	-	-	-	-
Interest on Long-Term Debt	110,219	-	-	-	(110,219)	(110,219)
Pension Cost	6,101,033	-	-	-	(6,101,033)	(6,101,033)
Total Governmental Activities	17,603,287	168,944	1,152,935	-	(16,281,408)	(16,281,408)
Total School District	17,603,287	168,944	1,152,935	-	(16,281,408)	(16,281,408)
		General Revenues				
					1,881,012	1,881,012
					308,451	308,451
					7,171,723	7,171,723
					6,216	6,216
					151,611	151,611
					<u>9,519,013</u>	<u>9,519,013</u>
					(6,762,395)	(6,762,395)
					(10,764,125)	(10,764,125)
					(17,526,520)	(17,526,520)

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Debt Service Bond Redemption</u>
ASSETS			
Cash and Equivalents	2,104,421	324,705	776,651
Investments	-	-	-
Accounts Receivable	20,561	-	-
Accrued Revenue	-	64,354	-
Due From Other Funds	339,848	-	-
Property Taxes Receivable	115,500	-	51,400
Inventories	-	-	-
Other	50,000	-	-
<u>Total Assets</u>	<u>2,630,330</u>	<u>389,059</u>	<u>828,051</u>
LIABILITIES:			
Accounts Payable	8,252	-	-
Accrued Salaries and Benefits	905,549	49,211	-
Due To Other Funds	-	339,848	-
Deposits Held	600	-	-
Grant Amounts Received in Advance	76,631	-	-
<u>Total Liabilities</u>	<u>991,032</u>	<u>389,059</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES			
Property Tax	64,200	-	34,400
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Note Receivable – City of Trinidad	50,000	-	-
Restricted:			
Emergency Reserve	281,000	-	-
Multi Year Obligations	-	-	-
Food Service	-	-	-
Preschool	-	-	-
Debt Service	-	-	793,651
Committed:			
Scholarships	34,128	-	-
Assigned:			
Student Activities	-	-	-
Unassigned	1,209,970	-	-
<u>Total Fund Balances</u>	<u>1,575,098</u>	<u>-</u>	<u>793,651</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>2,630,330</u>	<u>389,059</u>	<u>828,051</u>

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

Other Governmental Funds	Total Governmental Funds
27,844	3,233,621
-	-
49,248	69,809
-	64,354
-	339,848
-	166,900
12,155	12,155
-	50,000
<u>89,247</u>	<u>3,936,687</u>
-	8,252
21,458	976,218
-	339,848
6,024	6,624
-	76,631
<u>27,482</u>	<u>1,407,573</u>
-	98,600
12,155	12,155
-	50,000
-	281,000
-	-
43,033	43,033
-	-
-	793,651
-	34,128
6,577	6,577
-	1,209,970
<u>61,765</u>	<u>2,430,514</u>
<u>89,247</u>	<u>3,936,687</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2017

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

<u>Total Fund Balance – Governmental Funds</u>	2,430,514
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$23,978,226 and the accumulated depreciation is \$16,781,661.	7,196,565
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.”	98,600
Interest is recognized when paid in the funds. This is accrued interest payable to year end.	(8,643)
Discounts and premiums on bonds sold are capitalized in the entity wide statements. These are unamortized amounts of original issue premiums and discounts at year end.	
Premium	(26,678)
Long-term liabilities, including certificates of participation, general obligation bonds are not due and payable in the current period and therefore are not reported in the funds.	(2,920,000)
Amounts deferred on debt refundings are recognized as a deferred outflow in the entity wide financial statements.	24,381
Compensated absences are not reported as a liability in the funds.	(505,897)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(38,493,259)
Deferred Outflows - Pension Cost	15,298,632
Deferred Inflows - Pension Cost	<u>(620,735)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(17,526,520)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

<u>REVENUES</u>	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Debt Service Bond Redemption</u>
Property Taxes	1,356,429	-	528,183
Specific Ownership Taxes	308,451	-	-
Earnings on Investments	5,580	-	174
Other Local Sources	256,410	-	4,392
State Aid	7,355,881	-	-
Federal Aid	23,318	451,742	-
<u>Total Revenues</u>	<u>9,306,069</u>	<u>451,742</u>	<u>532,749</u>
 <u>EXPENDITURES</u>			
Current:			
Instructional Services	5,295,272	262,090	-
Supporting Services:			
Students	664,839	65,729	-
Instructional Staff	178,419	107,157	-
District Administration	317,454	-	-
School Administration	843,731	14,654	-
Business	290,020	-	-
Operation & Maintenance of Facilities	1,127,515	-	-
Transportation	389,449	-	-
Food Service	29,029	-	-
Community	-	2,112	-
Central	408,927	-	700
Other	181,841	-	-
Debt Service:			
Principal	75,000	-	450,000
Interest	31,050	-	81,662
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>9,832,546</u>	<u>451,742</u>	<u>532,362</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(526,477)</u>	 <u>-</u>	 <u>387</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(345,044)	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(345,044)</u>	<u>-</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 <u>(871,521)</u>	 <u>-</u>	 <u>387</u>
 <u>FUND BALANCES – BEGINNING</u>	 <u>2,446,619</u>	 <u>-</u>	 <u>793,264</u>
 <u>FUND BALANCES – ENDING</u>	 <u>1,575,098</u>	 <u>-</u>	 <u>793,651</u>

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

Other Governmental Funds	Total Governmental Funds
-	1,884,612
-	308,451
462	6,216
67,701	328,503
4,961	7,360,842
<u>480,808</u>	<u>955,868</u>
<u>553,932</u>	<u>10,844,492</u>

251,596	5,808,958
---------	-----------

-	730,568
-	285,576
-	317,454
-	858,385
-	290,020
-	1,127,515
-	389,449
666,407	695,436
-	2,112
-	409,627
-	181,841
-	525,000
-	112,712
<u>918,003</u>	<u>11,734,653</u>

<u>(364,071)</u>	<u>(890,161)</u>
------------------	------------------

<u>345,044</u>	-
<u>345,044</u>	-

(19,027)	(890,161)
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<u>80,792</u>	<u>3,320,675</u>
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<u>61,765</u>	<u>2,430,514</u>
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The accompanying notes are an integral part of these financial statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2017

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

Net Change in Fund Balances – Total Governmental Funds (890,161)

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

Capital Outlays more than \$5,000	49,479	
Depreciation Expense	<u>(419,750)</u>	(370,271)

Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. (3,600)

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

Repayment of Debt Principal	525,000	
Debt Proceeds	-	
Premium Amortization	13,715	
Amortization of Deferred Refunding	(12,534)	
Interest Expense	<u>1,313</u>	527,494

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

Net change in compensated absences		58,967
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Retirement incentives payable change in the period based on amounts earned or paid.

Net change in retirement incentives		16,209
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The increase in net pension liability, along with the changes and costs of deferred flows associated with the net pension liability are not recorded at the fund level:

Pension Cost		<u>(6,101,033)</u>
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<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>(6,762,395)</u>
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The accompanying notes are an integral part of these financial statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2017

	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	146,869
Investments	-
Accounts Receivable	-
<u>Total Assets</u>	<u>146,869</u>
<u>LIABILITIES</u>	
Due to Student Groups	146,869
Accounts Payable	-
<u>Total Liabilities</u>	<u>146,869</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

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

Additionally, the District reports the following fund type:

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

E. Cash and Investments

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2016 but uncollected in 2017 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2017 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

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

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

H. Capital Assets

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

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

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

I. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources (Continued)

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

J. Long-Term Obligations

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

K. Constitutional Amendment

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

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2017 the District reserved \$281,000 for this purpose.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2016 property tax calendar for Las Animas County was as follows:

Levy Date	December 15, 2016
Lien Date	January 1, 2017
Tax Bills Mailed	January 1, 2017
First Installment Due	February 28, 2017
Second Installment Due	June 15, 2017
If Paid in Full, Due	April 29, 2017
Tax Sale – 2015 Delinquent Property Taxes	October 25, 2016

M. Compensated Absences

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

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

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Government Funds	<u>564,864</u>	-	<u>58,967</u>	<u>505,897</u>
Total	<u>564,864</u>	-	<u>58,967</u>	<u>505,897</u>

N. Use of Estimates

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interest Expense

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

P. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>						
Inventories	-	-	-	12,155	-	12,155
Note Receivable	50,000	-	-	-	-	50,000
<u>Restricted:</u>						
Emergencies	281,000	-	-	-	-	281,000
Preschool	-	-	-	-	-	-
Multi Year Obligations	-	-	-	-	-	-
Debt Service	-	-	793,651	-	-	793,651
Food Service	-	-	-	43,033	-	43,033
<u>Committed:</u>						
Scholarships	34,128	-	-	-	-	34,128
<u>Assigned:</u>						
Pupil Activities	-	-	-	-	6,577	6,577
<u>Unassigned</u>	<u>1,209,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209,970</u>
<u>Total Fund Balances</u>	<u>1,575,098</u>	<u>-</u>	<u>793,651</u>	<u>55,188</u>	<u>6,577</u>	<u>2,430,514</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

	<u>Transfers In (Out)</u>	<u>Due (To) From</u>
General Fund	(345,044)	339,848
Student Activities – Special Revenue Fund	235,044	-
Food Service – Special Revenue Fund	110,000	-
Designated Purpose Grant Fund	_____	(339,848)
	_____	_____

NOTE 3 BUDGETARY INFORMATION

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 3 BUDGETARY INFORMATION (Continued)

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

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

NOTE 4 CASH AND INVESTMENTS

Deposits

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

At June 30, 2017, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	750,000	750,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	1,648,749	1,896,326
Cash Equivalents	701,501	-
Cash with County Treasurer	278,640	-
Cash on Hand	<u>1,600</u>	<u>-</u>
<u>Total Cash and Equivalents</u>	<u>3,380,490</u>	<u>2,646,326</u>

As presented above, deposits with a bank balance of \$1,896,326 and a carrying balance of \$1,648,749 as of June 30, 2017 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Governmental Activities</u>				
<u>Non-Depreciable Assets:</u>				
Land	712,780	-	-	712,780
<u>Total Non-Depreciable Assets</u>	<u>712,780</u>	<u>-</u>	<u>-</u>	<u>712,780</u>
<u>Depreciable Assets:</u>				
Buildings	19,603,383	-	-	19,603,383
Site Improvements	1,410,002	5,740	-	1,415,742
Vehicles	1,192,711	-	-	1,192,711
Equipment	546,473	21,243	-	567,716
Food Service	463,398	22,496	-	485,894
<u>Total Depreciable Assets</u>	<u>23,215,967</u>	<u>49,479</u>	<u>-</u>	<u>23,265,446</u>
<u>Less Accumulated</u>				
<u> Depreciation for:</u>				
Buildings	13,481,373	312,290	-	13,793,663
Site Improvements	952,784	53,129	-	1,005,913
Vehicles	1,076,769	21,940	-	1,098,709
Equipment	495,828	15,448	-	511,276
Food Service	355,157	16,943	-	372,100
<u>Total Accumulated Depreciation</u>	<u>16,361,911</u>	<u>419,750</u>	<u>-</u>	<u>16,781,661</u>
<u>Total Capital Assets, Net</u>	<u>7,566,836</u>	<u>(370,271)</u>	<u>-</u>	<u>7,196,565</u>

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

<u>Governmental Activities:</u>	
Instruction	366,687
Operations and Maintenance	2,943
Transportation	21,940
Central Support	11,237
Food Service	16,943
<u>Total Depreciation Expense –Governmental Activities</u>	<u>419,750</u>

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable in the Food Service Fund represent requests made to the Colorado Department of Education for reimbursable meals served by June 30, 2017 and amounts due from local sources for meals served.

NOTE 7 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, are estimated to be \$951,604 and will be paid during the 2017-2018 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 PENSION PLAN (Continued)

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Las Animas County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Las Animas County School District Number RE-1 were \$1,085,056 for the year ended June 30, 2017.

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

At June 30, 2017, the Las Animas County School District Number RE-1 reported a liability of \$38,493,259 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Las Animas County School District Number RE-1 proportion of the net pension liability was based on Las Animas County School District Number RE-1 contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the Las Animas County School District Number RE-1 proportion was 0.12928 percent, which was 0.0015 percent less than its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Las Animas County School District Number RE-1 recognized pension expense of \$6,101,033. At June 30, 2017, the Las Animas County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 **PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	481,225	(339)
Changes of assumptions or other inputs	12,490,260	(173,585)
Net difference between projected and actual earnings on pension plan investments	1,287,134	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	475,247	(446,811)
Contributions subsequent to the measurement date	564,766	N/A
Total	15,298,632	(620,735)

\$564,766 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	5,575,542
2019	5,760,300
2020	2,764,451
2021	12,838
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 PENSION PLAN (Continued)

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
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 used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION PLAN (Continued)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected rate of return on pension plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant 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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 **PENSION PLAN (Continued)**

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

*In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 5.26 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:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION PLAN (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute. AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated, 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 plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate. The discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 PENSION PLAN (Continued)

Sensitivity of the Las Animas County School District Number RE-1 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	48,404,036	38,493,259	30,421,290

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.

Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017, program members contributed \$21,174.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Las Animas County School District Number RE-1 contributes to the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 8 PENSION PLAN (Continued)

Funding Policy – The Las Animas County School District Number RE-1 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Las Animas County School District Number RE-1 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the Las Animas County School District Number RE-1 contributions to the HCTF were \$60,084, \$58,757 and \$55,197, respectively equal to their required contributions for each year.

NOTE 9 JOINT VENTURES

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

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information for the year ended June 30, 2016, is as follows:

Assets and Deferred Outflows	2,980,723
Liabilities and Deferred Inflows	<u>7,804,017</u>
Net Position	<u>(4,823,294)</u>
Revenues	3,658,221
Expenses	<u>3,253,671</u>
Change in Net Position	<u>404,550</u>

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

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School Districts Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) in 1981 to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Employment Practices Liability, Automobile Liability, Auto Physical Damage, Real and Personal Property, Crime, and other coverages. The Board of Directors is composed of eight persons. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds, risk exposure and other factors touching on the status of the Pool or an individual participant.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (continued)

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

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2017.

An audited summary of the Colorado School District's Pool financial information at December 31, 2016 (latest information available) follows:

Total Assets	<u>48,036,383</u>
Total Liabilities	<u>21,232,630</u>
Total Equity	<u>26,803,753</u>
Revenue	14,232,299
Underwriting Expenses	<u>12,497,566</u>
Underwriting Gain (Loss)	1,734,733
Net Investment Income	690,250
Other Income	-
Net Income (Loss) Before Dividend	<u>2,424,983</u>
Dividend	-
Net Income	<u>2,424,983</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>53,761</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>26,803,753</u>

NOTE 11 LONG-TERM OBLIGATIONS

General Obligation Refunding Series 2010

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 11 LONG-TERM OBLIGATIONS (continued)

Below is a schedule of debt service requirements to maturity:

2010 Refunding Issue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	465,000	67,356
2019	475,000	50,300
2020	500,000	30,800
2021	<u>520,000</u>	<u>10,400</u>
	<u>1,960,000</u>	<u>158,856</u>

Early Retirement Incentives

During the year ended June 30, 2011 the District implemented an Early Retirement Incentives Program. The program was available to certified employees with 10 or more years of service and who were at step 19 or higher on the salary schedule, and classified employees that were at least 50 years of age and had 20 years of service. To receive the incentive, employees were required to elect to voluntarily terminate their employment with the District no later than August 31. During the year, \$161,042 was paid out by the District. The remaining long term liability is as follows:

<u>Audit Year End June 30</u>	<u>Long Term Liability</u>
2017	<u>24,614</u>

Series 2013 Certificates of Participation

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	75,000	28,800
2019	75,000	26,550
2020	80,000	24,300
2021	80,000	21,900
2022	85,000	19,500
2023	85,000	16,950
2024	90,000	14,400
2025	95,000	11,700
2026	95,000	8,850
2027	100,000	6,000
2028	<u>100,000</u>	<u>3,000</u>
	<u>960,000</u>	<u>181,950</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 11 LONG-TERM OBLIGATIONS (continued)

Changes in Long-Term Debt (Fiscal Year ended June 30, 2017)

<u>Changes in Long-Term Debt</u>	<u>Beginning Balance 7-1-2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance 6-30-2017</u>	<u>Current Portion</u>
COP's	1,035,000	-	75,000	960,000	75,000
Early Retirement Incentives	16,209	169,447	161,042	24,614	24,614
G.O. Refunding Bonds	2,410,000	-	450,000	1,960,000	465,000
Deferred Refunding – G.O. Bond	(36,915)	-	(12,534)	(24,381)	
<u>Total</u>	<u>3,424,294</u>	<u>169,447</u>	<u>673,508</u>	<u>2,920,233</u>	

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 INTERFUND BALANCES

	<u>Amounts Due From Other Funds</u>	<u>Amounts Due To Other Funds</u>
General Fund	339,848	-
Designated Purpose Grants Fund	-	339,848
	<u>339,848</u>	<u>339,848</u>

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

	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	345,044	-
Student Activity Special Revenue Fund - Nonmajor	-	235,044
Food Service Special Revenue Fund - Nonmajor	-	110,000
	<u>345,044</u>	<u>345,044</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET INFORMATION

General Fund

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

Special Revenue Funds

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

REVENUES	Budgeted Amounts		Actual Amounts	Variance- Favorable (Unfavorable)
	Original	Final		
<u>Local Sources</u>				
Property Taxes	1,475,226	1,343,593	1,356,429	12,836
Specific Ownership Taxes	357,042	326,797	308,451	(18,346)
Earnings on Investments	5,000	5,000	5,580	580
Delinquent Taxes & Interest	28,500	28,500	11,834	(16,666)
Other	376,480	389,113	244,576	(144,537)
<u>State Sources</u>				
Equalization	6,886,650	7,148,494	7,171,723	23,229
Transportation	67,646	71,447	45,538	(25,909)
Vocational Education	75,000	113,755	82,244	(31,511)
Special Education	-	-	-	-
Other	79,278	143,351	56,376	(86,975)
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	23,318	23,318
Other	-	-	-	-
TOTAL REVENUES	<u>9,350,822</u>	<u>9,570,050</u>	<u>9,306,069</u>	<u>(263,981)</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	3,497,770	3,482,395	3,425,429	56,966
Employee Benefits	1,137,157	1,137,157	1,049,136	88,021
Purchased Services - Professional	5,880	5,880	110	5,770
Purchased Services - Property	3,600	3,600	312	3,288
Purchased Services - Other	498,603	766,782	679,865	86,917
Supplies and Materials	163,420	163,420	115,063	48,357
Property	4,845	4,845	2,559	2,286
Other Objects	18,500	18,500	22,798	(4,298)
<u>Total Instruction</u>	<u>5,329,775</u>	<u>5,582,579</u>	<u>5,295,272</u>	<u>287,307</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	369,363	369,363	372,091	(2,728)
Employee Benefits	117,455	117,455	109,907	7,548
Purchased Services - Professional	1,000	1,000	535	465
Purchased Services - Property	-	-	-	-
Purchased Services - Other	173,504	173,504	177,442	(3,938)
Supplies and Materials	3,400	3,400	2,834	566
Property	2,200	2,200	2,030	170
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>666,922</u>	<u>666,922</u>	<u>664,839</u>	<u>2,083</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	95,039	95,039	90,672	4,367
Benefits	35,853	35,853	28,494	7,359
Purchased Services – Professional	41,986	41,986	20,390	21,596
Purchased Services – Property	400	400	-	400
Purchased Services – Other	5,715	5,715	3,947	1,768
Supplies and Materials	32,864	32,864	34,916	(2,052)
Property	200	200	-	200
<u>Total Instructional Staff</u>	<u>212,057</u>	<u>212,057</u>	<u>178,419</u>	<u>33,638</u>
<u>General Administration</u>				
Salaries	202,034	202,034	198,896	3,138
Employee Benefits	55,426	55,426	50,510	4,916
Purchased Services – Professional	27,500	27,500	29,603	(2,103)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	19,100	19,100	13,615	5,485
Supplies and Materials	9,950	9,950	9,296	654
Property	1,000	1,000	-	1,000
Other Objects	24,400	24,400	15,534	8,866
<u>Total General Administration</u>	<u>339,410</u>	<u>339,410</u>	<u>317,454</u>	<u>21,956</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	636,467	636,467	631,162	5,305
Employee Benefits	198,125	198,125	188,812	9,313
Purchased Services – Professional	2,500	2,500	610	1,890
Purchased Services – Other	14,400	14,400	15,196	(796)
Supplies and Materials	8,500	8,500	5,915	2,585
Property	2,830	2,830	2,036	794
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>862,822</u>	<u>862,822</u>	<u>843,731</u>	<u>19,091</u>
<u>Business Services</u>				
Salaries	197,471	197,471	194,711	2,760
Employee Benefits	61,534	61,534	59,340	2,194
Purchased Services – Professional	26,500	26,500	23,516	2,984
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,700	2,700	1,430	1,270
Supplies and Materials	11,000	11,000	10,785	215
Other Objects	1,200	1,200	238	962
<u>Total Business Services</u>	<u>300,405</u>	<u>300,405</u>	<u>290,020</u>	<u>10,385</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<u>Operations and Maintenance</u>				
Salaries	400,756	400,756	402,229	(1,473)
Employee Benefits	138,300	138,300	135,050	3,250
Purchased Services – Professional	81,800	81,800	53,766	28,034
Purchased Services – Property	253,250	253,250	114,748	138,502
Purchased Services – Other	23,800	23,800	12,365	11,435
Supplies and Materials	332,400	332,400	380,655	(48,255)
Property	22,500	22,500	24,097	(1,597)
Other Objects	4,400	4,400	4,605	(205)
<u>Total Operations and Maintenance</u>	<u>1,257,206</u>	<u>1,257,206</u>	<u>1,127,515</u>	<u>129,691</u>
<u>Student Transportation</u>				
Salaries	195,240	195,240	199,134	(3,894)
Benefits	97,415	97,415	84,843	12,572
Purchased Services – Professional	6,000	6,000	4,270	1,730
Purchased Services – Property	62,373	62,373	61,959	414
Purchased Services – Other	9,584	9,584	4,753	4,831
Supplies and Materials	44,000	44,000	34,490	9,510
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>414,612</u>	<u>414,612</u>	<u>389,449</u>	<u>25,163</u>
<u>Central Support</u>				
Salaries	61,044	61,044	61,044	-
Employee Benefits	17,839	17,839	17,468	371
Purchased Services – Professional	19,300	19,300	7,610	11,690
Purchased Services – Property	-	-	-	-
Purchased Services – Other	252,048	252,048	272,618	(20,570)
Supplies and Materials	47,750	47,750	43,822	3,928
Property	50,000	50,000	6,365	43,635
<u>Total Central Support</u>	<u>447,981</u>	<u>447,981</u>	<u>408,927</u>	<u>39,054</u>
<u>Other Support</u>				
Salaries	15,000	15,000	153,191	(138,191)
Employees Benefits	2,160	2,160	24,844	(22,684)
Purchased Services – Professional	3,400	3,400	3,391	9
Purchased Services – Property	-	-	-	-
Other Objects	1,000	1,000	415	585
<u>Total Other Support</u>	<u>21,560</u>	<u>21,560</u>	<u>181,841</u>	<u>(160,281)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Food Service</u>				
Purchased Services – Property	-	-	2,963	(2,963)
Supplies and Materials	-	-	2,518	(2,518)
Property	-	-	23,548	(23,548)
<u>Total Food Service</u>	-	-	<u>29,029</u>	<u>(29,029)</u>
<u>Debt Service</u>				
Principal	75,000	75,000	75,000	-
Interest	35,650	35,650	31,050	4,600
<u>Total Debt Service</u>	<u>110,650</u>	<u>110,650</u>	<u>106,050</u>	<u>4,600</u>
 <u>TOTAL SUPPORTING SERVICES</u>	 <u>4,633,625</u>	 <u>4,633,625</u>	 <u>4,537,274</u>	 <u>96,351</u>
 <u>APPROPRIATED RESERVES</u>	 <u>309,914</u>	 <u>305,988</u>	 <u>-</u>	 <u>305,988</u>
 <u>TOTAL EXPENDITURES</u>	 <u>10,273,314</u>	 <u>10,522,192</u>	 <u>9,832,546</u>	 <u>689,646</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(922,492)</u>	 <u>(952,142)</u>	 <u>(526,477)</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	535,000	(325,937)	(345,044)	(19,107)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>535,000</u>	<u>(325,937)</u>	<u>(345,044)</u>	<u>(19,107)</u>
 <u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	 <u>(387,492)</u>	 <u>(1,278,079)</u>	 <u>(871,521)</u>	
 <u>FUND BALANCE, July 1</u>	 <u>2,329,527</u>	 <u>2,446,619</u>	 <u>2,446,619</u>	
 <u>FUND BALANCE, June 30</u>	 <u>1,942,035</u>	 <u>1,168,540</u>	 <u>1,575,098</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance - Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Local Sources	-	-	-	-
State Sources	25,850	25,850	-	(25,850)
Federal Sources	512,180	583,087	451,742	(131,345)
<u>Total Revenues</u>	<u>538,030</u>	<u>608,937</u>	<u>451,742</u>	<u>(157,195)</u>
 <u>Expenditures</u>				
Instruction	300,247	300,247	262,090	38,157
Support Services	237,783	237,783	189,652	48,131
<u>Total Expenditures</u>	<u>538,030</u>	<u>538,030</u>	<u>451,742</u>	<u>86,288</u>
 <u>Revenues Over (Under) Expenditures</u>	-	70,907	-	
 <u>Transfers</u>	-	-	-	-
 <u>FUND BALANCES, July 1</u>	-	-	-	
 <u>FUND BALANCES, June 30</u>	-	<u>70,907</u>	-	

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.1293%	0.1307%	0.1230%	0.1348%	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$38,493,259	\$19,998,864	\$16,667,595	\$17,198,752	-	-	-	-	-	-
District's covered-employee payroll	\$5,890,683	\$5,760,446	\$5,411,409	\$5,126,183	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	653%	347%	308%	336%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.80%	64.06%	-	-	-	-	-	-

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contributions	\$ 1,085,056	\$ 1,021,830	\$ 914,944	\$ 819,574	\$ 897,576	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(1,085,056)</u>	<u>\$(1,021,830)</u>	<u>\$(914,944)</u>	<u>\$(819,574)</u>	<u>\$(897,576)</u>	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-
District's covered-employee payroll	\$ 5,890,683	\$ 5,760,446	\$ 5,411,409	\$ 5,126,183	\$ 5,925,567	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.41%	17.73%	16.91%	15.99%	15.15%	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Debt Service Funds

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

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

Fiduciary Funds

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2017

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Student Activities</u>	
<u>ASSETS</u>			
Cash and Equivalents	21,267	6,577	27,844
Investments	-	-	-
Accounts Receivable	49,248	-	49,248
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Inventories	<u>12,155</u>	<u>-</u>	<u>12,155</u>
<u>Total Assets</u>	<u>82,670</u>	<u>6,577</u>	<u>89,247</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	21,458	-	21,458
Due To Other Funds	-	-	-
Deposits Held	<u>6,024</u>	<u>-</u>	<u>6,024</u>
<u>Total Liabilities</u>	<u>27,482</u>	<u>-</u>	<u>27,482</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventories	12,155	-	12,155
Restricted:			
Food Service	43,033	-	43,033
Committed:			
Assigned:	-	-	-
Student Activities	-	6,577	6,577
Unassigned:			
<u>Total Fund Balances</u>	<u>55,188</u>	<u>6,577</u>	<u>61,765</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>82,670</u>	 <u>6,577</u>	 <u>89,247</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Student Activities</u>	
<u>REVENUES:</u>			
Local Sources:			
Earning on Investments	452	10	462
Fees and Charges	47,542	20,159	67,701
State Aid	4,961	-	4,961
Federal Aid	480,808	-	480,808
<u>Total Revenues</u>	<u>533,763</u>	<u>20,169</u>	<u>553,932</u>
<u>EXPENDITURES:</u>			
Current:			
Instructional Services	-	251,596	251,596
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Food Service	666,407	-	666,407
Debt Service	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>666,407</u>	<u>251,596</u>	<u>918,003</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(132,644)	(231,427)	(364,071)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	110,000	235,044	345,044
<u>NET CHANGE IN FUND BALANCES</u>	(22,644)	3,617	(19,027)
<u>FUND BALANCES, Beginning</u>	<u>77,832</u>	<u>2,960</u>	<u>80,792</u>
<u>FUND BALANCES, Ending</u>	<u>55,188</u>	<u>6,577</u>	<u>61,765</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 BOND REDEMPTION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Tax	539,946	528,183	(11,763)
Earnings on Investments	60	174	114
Other Local	<u>3,000</u>	<u>4,392</u>	<u>1,392</u>
<u>Total Revenues</u>	<u>543,006</u>	<u>532,749</u>	<u>(10,257)</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	450,000	450,000	-
Interest	81,663	81,662	1
Other	1,000	700	300
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>532,663</u>	<u>532,362</u>	<u>301</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 10,343	 387	
 <u>OTHER FINANCING SOURCES (USES)</u>	 -	 -	 -
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 10,343	 387	
 <u>FUND BALANCES, July 1</u>	 <u>793,264</u>	 <u>793,264</u>	
 <u>FUND BALANCES, June 30</u>	 <u>803,607</u>	 <u>793,651</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 FOOD SERVICES – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	57,200	47,542	(9,658)
Earnings on Investments	50	452	402
Other	-	-	-
<u>State Sources</u>			
School Lunches and Breakfast	600	4,961	4,361
<u>Federal Sources</u>			
School Lunches and Breakfast	433,000	447,659	14,659
Commodities	<u>26,620</u>	<u>33,149</u>	<u>6,529</u>
<u>Total Revenues</u>	<u>517,470</u>	<u>533,763</u>	<u>16,293</u>
 <u>EXPENDITURES</u>			
Salaries	222,914	232,491	(9,577)
Employee Benefits	91,865	88,663	3,202
Purchased Services – Professional	28,830	30,336	(1,506)
Purchased Services – Property	1,200	1,308	(108)
Purchased Services - Other	1,500	949	551
Food Purchases	262,200	259,543	2,657
Capital Outlay	-	-	-
Commodities	26,620	33,149	(6,529)
Non-Food Supplies	28,202	19,732	8,470
Other	4,000	236	3,764
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>667,331</u>	<u>666,407</u>	<u>924</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(149,861)	(132,644)	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>72,029</u>	<u>110,000</u>	<u>37,971</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(77,832)	(22,644)	
<u>FUND BALANCE, July 1</u>	<u>77,832</u>	<u>77,832</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>55,188</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 STUDENT ACTIVITIES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Other Local	25,602	20,169	(5,433)
<u>Total Revenues</u>	<u>25,602</u>	<u>20,169</u>	<u>(5,433)</u>
<u>EXPENDITURES:</u>			
Co-Curricular Instruction	279,510	251,596	27,914
Support	-	-	-
Appropriated Reserve	-	-	-
<u>Total Expenditures</u>	<u>279,510</u>	<u>251,596</u>	<u>27,914</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(253,908)	(231,427)	
<u>TRANSFERS</u>	253,908	235,044	(18,864)
<u>NET CHANGE IN FUND BALANCE</u>	-	3,617	
<u>FUND BALANCE, July 1</u>	-	2,960	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>6,577</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>RECEIPTS</u>			
Other Local	<u>300,000</u>	<u>201,261</u>	<u>(98,739)</u>
<u>Total Receipts</u>	<u>300,000</u>	<u>201,261</u>	<u>(98,739)</u>
 <u>EXPENDITURES</u>			
Pupil Activities	<u>300,000</u>	<u>195,913</u>	<u>104,087</u>
Net Increase (Decrease) in Deposits Held	-	5,348	
Deposits Held – Beginning of Year	-	<u>141,521</u>	
Deposits Held – End of Year	-	<u>146,869</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 1580 - TRINIDAD 1
 Fiscal Year 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,446,619	8,961,025	9,832,546	1,575,098
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	2,446,619	8,961,025	9,832,546	1,575,098
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	77,832	643,763	666,407	55,188
22 Govt Designated-Purpose Grants Fund	0	451,742	451,742	0
23 Pupil Activity Special Revenue Fund	2,960	355,213	251,596	6,577
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
71 Bond Redemption Fund	793,264	532,748	532,362	793,650
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
81 Building Fund	0	0	0	0
82 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,320,679	16,844,491	17,734,633	2,400,518
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	141,521	201,261	195,912	146,869
79 GASB 34 Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	141,521	201,261	195,912	146,869
FINAL				



Colorado Department of Education

Bolded Balance Sheet Report

District: 1580 - TRINIDAD 1

Fiscal Year 2016-17

Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary		Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Cash and Investments (8100-8104,8111)	1,900,930	0	0	331,282	0	21,267	0	0	0	0	0	0	146,869	0	2,400,348
Cash with Fiscal Agent (8105)	203,490	0	0	0	0	0	776,650	0	0	0	0	0	0	0	980,141
Taxes Receivable (8121,8122)	115,500	0	0	0	0	0	51,400	0	0	0	0	0	0	0	166,900
Interfund Loans Receivable (8131,8132)	339,848	0	0	0	0	0	0	0	0	0	0	0	0	0	339,848
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	20,561	0	0	64,355	0	48,935	0	0	0	0	0	0	0	0	133,851
Other Receivables (8151-8154,8161)	50,000	0	0	0	0	312	0	0	0	0	0	0	0	0	50,312
Inventories (8171,8172,8173)	0	0	0	0	0	12,155	0	0	0	0	0	0	0	0	12,155
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,630,330	0	0	395,636	0	82,670	828,050	0	0	0	0	0	146,869	0	4,083,555

	Governmental							Proprietary				Fiduciary			
LIABILITIES & FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	339,848	0	0	0	0	0	0	0	0	0	0	339,848
Other Payables (7421-7423)	32,866	0	0	0	0	0	0	0	0	0	0	0	0	0	32,866
Accrued Expenses (7461)	880,935	0	0	49,211	0	21,457	0	0	0	0	0	0	0	0	951,604
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	35,099	0	0	0	0	6,024	0	0	0	0	0	0	0	0	41,123
Grants Deferred Revenue (7482)	41,533	0	0	0	0	0	0	0	0	0	0	0	0	0	41,533
Other Current Liabilities (7491,7492,7499)	600	0	0	0	0	0	0	0	0	0	0	0	0	0	600
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	64,200	0	0	0	0	0	34,400	0	0	0	0	0	0	0	98,600
Total Liabilities	1,055,232	0	0	389,059	0	27,482	34,400	0	0	0	0	0	0	0	1,506,173

FUND EQUITY	Governmental						Proprietary					Fiduciary		Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Non-spendable Fund Balance 6710	50,000	0	0	0	0	12,155	0	0	0	0	0	0	0	0	62,155
Restricted Fund Balance 6720	0	0	0	0	0	43,033	793,650	0	0	0	0	0	0	0	836,683
TAPOR 3% Emergency Reserve 6721	281,000	0	0	0	0	0	0	0	0	0	0	0	0	0	281,000
TAPOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6733	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	34,128	0	0	0	0	0	0	0	0	0	0	0	0	0	34,128
Assigned Fund Balance 6760	0	0	0	6,577	0	0	0	0	0	0	0	0	146,869	0	153,446
Unassigned Fund Balance 6770	1,209,970	0	0	0	0	0	0	0	0	0	0	0	0	0	1,209,970
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,575,098	0	0	6,577	0	55,188	793,650	0	0	0	0	0	146,869	0	2,577,382

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk- Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	2,630,330	0	0	395,636	0	82,670	828,050	0	0	0	0	0	146,869	0	4,063,355

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

SINGLE AUDIT SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Las Animas County School District Number RE-1 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Las Animas County School District Number RE-1's basic financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stinson, Waller & Co., Inc.

September 29, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited Las Animas County School District Number RE-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Las Animas County School District Number RE-1's major federal programs for the year ended June 30, 2017. Las Animas County School District Number RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Las Animas County School District Number RE-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Arthur, Waller & Co., Inc.

September 29, 2017

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

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

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

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

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Reportable on Compliance for Major Programs

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

Audit Findings

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

Major Programs

Child Nutrition Cluster

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Las Animas County School District Number RE-1 qualified as a low-risk auditee for the fiscal year ended June 30, 2017.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2017

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through Colorado Department of Education			
Title I	84.010	4010	359,508
Title II A – Teach Quality	84.367	4367	76,779
Passed through Colorado Community College and Occupational Education Vocational Education:			
Carl Perkins	84.048	4048	<u>15,455</u>
<u>Total Department of Education</u>			<u>451,742</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
National School Breakfast Program	10.553	4553	143,901
National School Lunch Program	10.555	4555	290,101
Summer Food Service Program	10.559	4559	13,656
Passed through Colorado Department of Human Services			
Food Distribution (Commodities)	10.555	4555	<u>33,149</u>
<u>Total Child Nutrition Cluster</u>			<u>480,807</u>
<u>Child Nutrition Discretionary Grants</u>	10.579	4579	<u>23,318</u>
<u>Total Department of Agriculture</u>			<u>504,125</u>
<u>TOTAL EXPENDITURES</u>			<u>955,867</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

NOTE 1 Basis of Presentation

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

NOTE 2 INDIRECT COST RATES

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

NOTE 3 Food Distribution

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