

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY SCHOOL

DISTRICT RE-1

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2018

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LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Paul Montera	President
Deborah Hartman	Vice President
Patrick Sandoval	Treasurer
Joe Terry	Secretary
Dan Ruscetti	Member

SCHOOL OFFICIALS

Bonnie Aaron	Superintendent
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FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
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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, 2018, 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, 2018, 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 and other post employment benefits trend data on pages i through x and 47 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of Las Animas County School District Number RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Las Animas County School District Number RE-1's internal control over financial reporting and compliance.

Sifton, Waller & Co., Inc.

November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 1,044.6 based on 3-year state averaging as of the October 1, 2017 compared to 1,088.3 the prior year.

FINANCIAL HIGHLIGHTS

The District was required to implement GASB 75 in 2018 resulting in a net other post-employment benefit (OPEB) liability of \$910,461. Under GASB 75 the District's proportionate share of the OPEB liability of the Colorado state retirement system Health Care Trust Fund administered by the Public Employees Retirement Association (PERA), is recorded as a liability of the District. At implementation beginning equity is restated and deferred inflows, outflows and the net OPEB liability are reported. Beginning net position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning net position of governmental activities decreased \$966,323 to \$(18,492,843) from \$(17,526,520) at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available

Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, PERA, is recorded as a liability of the District. The District's net pension liability increased to \$39,869,939 for 2018 from \$38,493,259 the prior year.

Funding from the Public School Finance Act totaled \$8,574,864 for 2017-18 compared to \$8,665,540 the prior year. Public School Finance Act funding decreased by \$91,676 due to an increase in per pupil funding offset by a decrease in enrollment by 44 students. Public School Finance Act funding makes up 76% 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 \$6,921,944 for 2017-18 compared to \$7,171,723 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 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 2017-18 and 2016-17 fiscal years are presented below.

	June 30, 2018	June 30, 2017	Net Change
Assets			
Current and other	\$ 3,914,605	\$ 3,596,839	\$ 317,766
Capital (net)	\$ 7,008,133	\$ 7,196,565	\$ (188,432)
Total Assets	\$ 10,922,738	\$ 10,793,404	\$ 129,334
Deferred Outflow of Resources			
Deferred Refunding	\$ 14,043	\$ 24,381	\$ (10,338)
Deferred Pension	\$ 12,399,546	\$ 15,298,632	\$ (2,899,086)
Other Post Employment Benefits	\$ 31,518	\$ -	\$ 31,518
Total Deferred Outflow of Resources	\$ 12,445,107	\$ 15,323,013	\$ (2,877,906)
Liabilities			
Current	\$ 1,282,274	\$ 1,051,754	\$ 230,520
Non-Current (debt)	\$ 43,874,707	\$ 41,970,448	\$ 1,904,259
Total Liabilities	\$ 45,156,981	\$ 43,022,202	\$ 2,134,779
Deferred Inflow of Resources			
Deferred Pension	\$ 3,776,356	\$ 620,735	\$ 3,155,621
Other Post Employment Benefits	\$ 52,395	\$ -	\$ 52,395
Total Deferred Inflow of Resources	\$ 3,828,751	\$ 620,735	\$ 3,208,016
Net Position			
Net Investment in Capital Assets	\$ 4,459,498	\$ 4,276,565	\$ 182,933
Restricted	\$ 1,184,531	\$ 1,117,684	\$ 66,847
Unrestricted	\$ (31,261,916)	\$ (22,920,769)	\$ (8,341,147)
Total Net Position	\$ (25,617,887)	\$ (17,526,520)	\$ (8,091,367)

Highlights from the Statement of Net Position

1. Current assets increased by \$317,766 primarily due to increases in grants and other receivables.

2. Capital assets decreased \$188,432 due to annual depreciation totaling \$414,963 offset by asset additions totaling \$226,531.
3. Current liabilities increased \$230,520 due in part to advances from grants to be expended in the subsequent fiscal year.
4. Noncurrent liabilities increased \$1,904,259 primarily due to increases to the District's share of the PERA pension and other post-employment benefit liabilities offset by a net decrease in long-term debt.
5. Deferred outflow of resources decreased \$2,877,906 while deferred inflows increased \$3,208,016 resulting in a decrease of \$6,085,922 to the District's net position.

Statement of Activities

The *Statement of Activities* presents information regarding how the District's net position changed during the fiscal year.

Highlights from the Statement of Activities

1. Net position decreased \$7,125,044 during 2017-18 compared to \$6,762,395 the prior year due primarily to the District's share of PERA pension and other post-employment benefit costs.
2. Revenues increased \$417,371 due to increases in grant revenues offset by a decrease in total program funding under the public school finance act.
3. Expenditures increased \$780,020 of which \$1,295,369 is the result of increases to the District's share of the PERA pension and other post-employment benefit costs offset by reductions in cost of operations in most other program service areas.

Comparison of activities for fiscal years 2017-18 and 2016-17 are presented below:

PROGRAM REVENUES			
Charges for Services	\$ 160,716	\$ 168,944	\$ (8,228)
Operating Grants/Contributions	\$ 1,731,686	\$ 1,152,935	\$ 578,751
Capital Grants/Contributions	\$ -	\$ -	\$ -
GENERAL REVENUES			
Property Taxes	\$ 1,929,424	\$ 1,881,012	\$ 48,412
Specific Ownership Tax	\$ 348,596	\$ 308,451	\$ 40,145
State Equalization	\$ 6,970,169	\$ 7,171,723	\$ (201,554)
Earnings on Investment	\$ 10,475	\$ 6,216	\$ 4,259
Other Revenues	\$ 107,197	\$ 151,611	\$ (44,414)
Gain on Sale of Assets			\$ -
TRANSFERS	\$ -	\$ -	\$ -
Total Revenue & Transfers	\$ 11,258,263	\$ 10,840,892	\$ 417,371
EXPENDITURES			
INSTRUCTION	\$ 5,830,980	\$ 6,104,706	\$ (273,726)
SUPPORT SERVICES			
Students	\$ 661,665	\$ 722,580	\$ (60,915)
Instructional Staff	\$ 230,988	\$ 285,576	\$ (54,588)
District Administration	\$ 327,760	\$ 314,296	\$ 13,464
School Administration	\$ 766,532	\$ 858,385	\$ (91,853)
Business	\$ 282,137	\$ 290,020	\$ (7,883)
Maintenance & Operations	\$ 1,238,593	\$ 1,111,462	\$ 127,131
Transportation	\$ 292,337	\$ 411,389	\$ (119,052)
Central Support	\$ 591,388	\$ 422,976	\$ 168,412
Food Service	\$ 671,379	\$ 688,804	\$ (17,425)
Other Support	\$ -	\$ 181,841	\$ (181,841)
Capital Outlay	\$ -	\$ -	\$ -
Interest on Long Term Debt	\$ 93,146	\$ 110,219	\$ (17,073)
Pension and OPEB Cost	\$ 7,396,402	\$ 6,101,033	\$ 1,295,369
Total Expenditures/Expense	\$ 18,383,307	\$ 17,603,287	\$ 780,020
Change in Net Position	\$ (7,125,044)	\$ (6,762,395)	\$ (362,649)
Net Position - Beginning (Restated)	\$ (18,492,843)	\$ (10,764,125)	\$ (7,728,718)
Net Position - Ending	\$ (25,617,887)	\$ (17,526,520)	\$ (8,091,367)

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 \$8,209 for 2017-18 compared to \$7,966 the prior year. The District's average funded pupil count for 2017-18 was 1044.6 compared to 1088.3 for 2016-17. 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	2017-18	2016-17	2017-18	2016-17
State Equalization	\$ 6,970,169	\$ 7,171,723	62%	66%
Property Tax	\$ 1,929,424	\$ 1,881,012	17%	17%
Specific Ownership Tax	\$ 348,596	\$ 308,451	3%	3%
Grants	\$ 1,731,686	\$ 1,152,935	15%	11%
All other	\$ 278,388	\$ 326,771	2%	3%
	\$ 11,258,263	\$ 10,840,892	100%	100%

Use Of Revenue	2017-18	2016-17	2017-18	2016-17
Instruction	\$ 5,830,980	\$ 6,104,706	32%	35%
Support services	\$ 5,062,779	\$ 5,287,329	28%	30%
Debt Service	\$ 93,146	\$ 110,219	1%	1%
Capital Outlay	\$ -	\$ -	0%	0%
Other	\$ 7,396,402	\$ 6,101,033	40%	35%
	\$ 18,383,307	\$ 17,603,287	100%	100%

Source of revenues increased to \$11,258,263 for 2017-18 compared to \$10,840,892 the prior year. The decrease in State Equalization is offset by increases to local, state and federal grants.

Use of revenues changed significantly from the prior year due to changes in liabilities, inflows and outflows related to the District's share of PERA pension and other post-employment benefits reported as other expenses. Total use of revenues increased to \$18,383,307 for 2017-18 compared to \$17,603,287 the prior year while expenditures for instruction and support services decreased causing the percent of revenue used for these purposes to decrease slightly from the prior year.

The governmental expenditures schedule below shows Total Cost of Service compared to Net Cost of Service after allocating charges for services and grants and contributions to the area of service that generated the revenue. While total costs increased \$780,020 the net cost increased only \$209,497 which indicates that most of the increase was funded by increases in grant funding.

	2017-2018		2016-2017	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	\$ 5,830,980	4,803,583	\$ 6,104,706	5,554,027
Students	\$ 661,665	661,665	\$ 722,580	656,851
Instructional Staff	\$ 230,988	26,554	\$ 285,576	178,419
District Administration	\$ 327,760	327,760	\$ 314,296	314,296
School Administration	\$ 766,532	766,532	\$ 858,385	843,731
Business	\$ 282,137	282,137	\$ 290,020	290,020
Operation and Maintenance o	\$ 1,238,593	1,233,193	\$ 1,111,462	1,063,224
Transportation	\$ 292,337	189,261	\$ 411,389	411,389
Central	\$ 591,388	591,388	\$ 422,976	420,865
Food Service	\$ 671,379	119,284	\$ 688,804	155,493
Other	\$ -	-	\$ 181,841	181,841
Capital Outlay	\$ -	-	\$ -	-
Interest on Long Term Liabilit	93,146	93,146	110,219	110,219
Pension Cost	\$ 7,396,402	7,396,402	\$ 6,101,033	6,101,033
Total	18,383,307	16,490,905	17,603,287	16,281,408

BUSINESS-TYPE ACTIVITIES

The District did not have any business-type activities in the 2017-18 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, 2018. Construction in progress for a new telephone system totaled \$168,635 at June 30, 2018. Vehicles and equipment totaled \$1,818,323 compared to \$1,760,427 the prior year. Additions included a transportation vehicle and security cameras. Food service equipment totaled \$485,894. The net carrying value of capital assets after subtracting accumulated depreciation is \$7,008,133. Depreciation for 2017-18 totaled \$414,963.

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 12 on page 43.

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 \$24,430 more than expected, which is a 0.25% variance. Expenditures were 5.3% less than the amount budgeted, a favorable variance of \$525,603. Programs over budget included Food Service by \$27,910, Central Support by \$14,559, Maintenance and Operations by \$86,684, Business Services by \$23,543 and General Administration by \$2,164. Maintenance and Operations and Central Services were over budget due to major repairs and replacement of the district-wide telephone system. General Administration and Business Services were over budget due to professional services purchased during times of critical vacancies and finding appropriate candidates to fill the positions. Food service was over budget due to equipment purchases made from grants received for that purpose.

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% and in 2016-17 the funded pupil count decreased by 61 and per pupil funding increased by 3.9%. This pattern continued into 2017-18 with funded pupil count decreasing by 44 while per pupil funding increased by 3.1%.

The District continues to subsidize the Food Service and Co-Curricular Activities programs. The transfer to cover the cost of food service operations decreased to \$103,467 in 2017-18 compared to \$110,000 in 2016-17. The transfer to Co-Curricular Activities decreased to \$149,823 in 2017-18 compared to \$235,044 in 2016-17 which included the one-time cost to replace band uniforms.

Another concern has been a pattern of spending in excess of current revenues. Excess spending for 2016-17 in General Fund was \$871,521. For 2017-18 the fund balance increased by \$83,978. The District must proceed with caution in 2018-19 in light of the declining enrollment trend, continued economic uncertainty and certain one-time sources of revenue subject to annual appropriation.

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 Dr. Bonnie Aaron, 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, 2018

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	3,230,385	3,230,385
Accounts Receivable - Net	253,451	253,451
Accrued Revenue	232,746	232,746
Property Taxes Receivable	189,500	189,500
Inventories	8,523	8,523
Capital Assets	24,204,757	24,204,757
Accumulated Depreciation	(17,196,624)	(17,196,624)
<u>Total Assets</u>	<u>10,922,738</u>	<u>10,922,738</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Refunding	14,043	14,043
Pension	12,399,546	12,399,546
Other Post Employment Benefits	31,518	31,518
<u>Total Deferred Outflows</u>	<u>12,445,107</u>	<u>12,445,107</u>
<u>LIABILITIES</u>		
Accounts Payable	110,221	110,221
Accrued Salaries and Benefits	864,784	864,784
Grant Amounts Received in Advance	297,323	297,323
Accrued Interest Payable	8,643	8,643
Other Liabilities	1,303	1,303
NonCurrent Liabilities:		
Compensated Absences	531,542	531,542
Capital Lease	168,635	168,635
Bond Payments Due Within One Year	475,000	475,000
Bond Due In More Than One Year	1,020,000	1,020,000
Certificates of Participation Due Within One Year	75,000	75,000
Certificates of Participation Due In More Than One Year	810,000	810,000
Net Pension Liability	39,869,939	39,869,939
Net Other Post Employment Benefits Liability	910,461	910,461
Unamortized Bond Premium	14,130	14,130
<u>Total Liabilities</u>	<u>45,156,981</u>	<u>45,156,981</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	3,776,356	3,776,356
Other Post Employment Benefits	52,395	52,395
<u>Total Deferred Inflows</u>	<u>3,828,751</u>	<u>3,828,751</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,459,498	4,459,498
Restricted for:		
TABOR Reserve	308,000	308,000
Food Service	78,712	78,712
Debt Service	797,819	797,819
Unrestricted	(31,261,916)	(31,261,916)
<u>TOTAL NET POSITION</u>	<u>(25,617,887)</u>	<u>(25,617,887)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

					Net (Expenses) Revenue and Changes in Net Position	
					Primary Government	
	Expenses	Program Revenues			Governmental Activities	Total
		Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions		
FUNCTIONS						
Instructional Services	5,830,980	121,999	905,398	-	(4,803,583)	(4,803,583)
Supporting Services:						
Students	661,665	-	-	-	(661,665)	(661,665)
Instructional Staff	230,988	-	204,434	-	(26,554)	(26,554)
District Administration	327,760	-	-	-	(327,760)	(327,760)
School Administration	766,532	-	-	-	(766,532)	(766,532)
Business	282,137	-	-	-	(282,137)	(282,137)
Operation & Maintenance of Facilities	1,238,593	5,400	-	-	(1,233,193)	(1,233,193)
Transportation	292,337	-	103,076	-	(189,261)	(189,261)
Central Support	591,388	-	-	-	(591,388)	(591,388)
Food Service	671,379	33,317	518,778	-	(119,284)	(119,284)
Interest on Long-Term Debt	93,146	-	-	-	(93,146)	(93,146)
Pension and OPEB Cost	7,396,402	-	-	-	(7,396,402)	(7,396,402)
Total Governmental Activities	18,383,307	160,716	1,731,686	-	(16,490,905)	(16,490,905)
Total School District	18,383,307	160,716	1,731,686	-	(16,490,905)	(16,490,905)
General Revenues						
Property Taxes Levied for General Purposes					1,929,424	1,929,424
Specific Ownership Taxes					348,596	348,596
Equalization					6,970,169	6,970,169
Earnings on Investments					10,475	10,475
Other Revenues					107,197	107,197
Total General Revenues					9,365,861	9,365,861
Change in Net Position					(7,125,044)	(7,125,044)
Net Position, Beginning (as Restated)					(18,492,843)	(18,492,843)
Net Position, Ending					(25,617,887)	(25,617,887)

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, 2018

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Debt Service Bond Redemption</u>
<u>ASSETS</u>			
Cash and Equivalents	2,266,136	90,181	771,215
Accounts Receivable	249,794	-	-
Accrued Revenue	-	232,746	-
Due From Other Funds	19,861	-	-
Property Taxes Receivable	138,000	-	51,500
Inventories	-	-	-
Other	-	-	-
<u>Total Assets</u>	<u>2,673,791</u>	<u>322,927</u>	<u>822,715</u>
<u>LIABILITIES:</u>			
Accounts Payable	108,421	-	-
Accrued Salaries and Benefits	796,600	48,136	-
Due To Other Funds	-	19,861	-
Deposits Held	600	-	-
Grant Amounts Received in Advance	42,393	254,930	-
<u>Total Liabilities</u>	<u>948,014</u>	<u>322,927</u>	<u>-</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	66,701	-	24,896
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	-	-
Note Receivable – City of Trinidad	-	-	-
Restricted:			
Emergency Reserve	308,000	-	-
Multi Year Obligations	-	-	-
Food Service	-	-	-
Preschool	-	-	-
Debt Service	-	-	797,819
Committed:			
Scholarships	36,814	-	-
Assigned:			
Student Activities	-	-	-
Unassigned	1,314,262	-	-
<u>Total Fund Balances</u>	<u>1,659,076</u>	<u>-</u>	<u>797,819</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,673,791</u>	<u>322,927</u>	<u>822,715</u>

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

Other Governmental Funds	Total Governmental Funds
102,853	3,230,385
3,657	253,451
-	232,746
-	19,861
-	189,500
8,523	8,523
-	-
<u>115,033</u>	<u>3,934,466</u>
1,200	109,621
20,048	864,784
-	19,861
1,303	1,903
-	<u>297,323</u>
<u>22,551</u>	<u>1,293,492</u>
-	<u>91,597</u>
8,523	8,523
-	-
-	308,000
-	-
78,219	78,219
-	-
-	797,819
-	36,814
5,740	5,740
-	<u>1,314,262</u>
<u>92,482</u>	<u>2,549,377</u>
<u>115,033</u>	<u>3,934,466</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, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	2,549,377
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$24,204,757 and the accumulated depreciation is \$17,196,624.	7,008,133
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.”	91,597
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	(14,130)
Long-term liabilities, including leases, certificates of participation and general obligation bonds are not due and payable in the current period and therefore are not reported in the funds.	(2,548,635)
Amounts deferred on debt refundings are recognized as a deferred outflow in the entity wide financial statements.	14,043
Compensated absences are not reported as a liability in the funds.	(531,542)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(39,869,939)
Net Other Post Employment Benefits Liability	(910,461)
Deferred Outflows	12,431,064
Deferred Inflows	<u>(3,828,751)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>(25,617,887)</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, 2018

		Designated Purpose Grants	Debt Service Bond Redemption
<u>REVENUES</u>	<u>General</u>		
Property Taxes	1,407,026	-	529,401
Specific Ownership Taxes	348,596	-	-
Earnings on Investments	7,111	-	3,308
Other Local Sources	202,782	92,753	4,515
State Aid	7,588,015	-	-
Federal Aid	-	502,310	-
<u>Total Revenues</u>	<u>9,553,530</u>	<u>595,063</u>	<u>537,224</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	4,914,294	390,629	-
Supporting Services:			
Students	661,665	-	-
Instructional Staff	121,785	109,203	-
District Administration	327,760	-	-
School Administration	727,776	-	-
Business	275,080	-	-
Operation & Maintenance of Facilities	1,262,334	-	-
Transportation	299,201	-	-
Food Service	27,910	-	-
Community	-	-	-
Central	638,774	95,231	700
Other	25,318	-	-
Debt Service:			
Principal	75,000	-	465,000
Interest	28,000	-	67,356
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>9,384,897</u>	<u>595,063</u>	<u>533,056</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>168,633</u>	<u>-</u>	<u>4,168</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(253,290)	-	-
Capital Lease Proceeds	168,635	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(84,655)</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>83,978</u>	<u>-</u>	<u>4,168</u>
<u>FUND BALANCES – BEGINNING</u>	<u>1,575,098</u>	<u>-</u>	<u>793,651</u>
<u>FUND BALANCES – ENDING</u>	<u>1,659,076</u>	<u>-</u>	<u>797,819</u>

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

Other Governmental Funds	Total Governmental Funds
-	1,936,427
-	348,596
56	10,475
60,615	360,665
4,443	7,592,458
<u>514,335</u>	<u>1,016,645</u>
<u>579,449</u>	<u>11,265,266</u>

177,967	5,482,890
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-	661,665
-	230,988
-	327,760
-	727,776
-	275,080
-	1,262,334
-	299,201
624,055	651,965
-	-
-	734,705
-	25,318
-	540,000
-	95,356
-	-
<u>802,022</u>	<u>11,315,038</u>

(222,573)	(49,772)
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253,290	-
-	168,635
<u>253,290</u>	<u>168,635</u>
30,717	118,863
<u>61,765</u>	<u>2,430,514</u>
<u>92,482</u>	<u>2,549,377</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

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

Net Change in Fund Balances – Total Governmental Funds 118,863

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	226,531	
Depreciation Expense	<u>(414,963)</u>	(188,432)

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. (7,003)

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	540,000	
Debt Proceeds	(168,635)	
Premium Amortization	11,312	
Amortization of Deferred Refunding	(10,338)	
Interest Expense	<u>1,236</u>	373,575

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

Net change in compensated absences (25,645)

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:

Pension Cost	(7,431,387)	
Other Post Employment Benefits Cost	<u>34,985</u>	(7,396,402)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (7,125,044)

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, 2018

	<u>Student Activities Fund</u>
<u>ASSETS</u>	
Cash	152,312
Investments	-
Accounts Receivable	-
<u>Total Assets</u>	<u>152,312</u>
<u>LIABILITIES</u>	
Due to Student Groups	152,312
Accounts Payable	-
<u>Total Liabilities</u>	<u>152,312</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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 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, 2018

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, 2018 the District reserved \$308,000 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, 2018

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 2017 property tax calendar for Las Animas County was as follows:

Levy Date	December 15, 2017
Lien Date	January 1, 2018
Tax Bills Mailed	January 1, 2018
First Installment Due	February 28, 2018
Second Installment Due	June 15, 2018
If Paid in Full, Due	April 29, 2018
Tax Sale – 2016 Delinquent Property Taxes	October 25, 2017

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 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:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Government Funds	<u>505,897</u>	<u>25,645</u>	<u>-</u>	<u>531,542</u>
Total	<u>505,897</u>	<u>25,645</u>	<u>-</u>	<u>531,542</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, 2018

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, 2018

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	-	-	-	8,523	-	8,523
<u>Restricted:</u>						
Emergencies	308,000	-	-	-	-	308,000
Preschool	-	-	-	-	-	-
Multi Year Obligations	-	-	-	-	-	-
Debt Service	-	-	797,819	-	-	797,819
Food Service	-	-	-	78,219	-	78,219
<u>Committed:</u>						
Scholarships	36,814	-	-	-	-	36,814
<u>Assigned:</u>						
Pupil Activities	-	-	-	-	5,740	5,740
<u>Unassigned</u>	<u>1,314,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314,262</u>
<u>Total Fund Balances</u>	<u>1,659,076</u>	<u>-</u>	<u>797,819</u>	<u>86,742</u>	<u>5,740</u>	<u>2,549,377</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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	(253,290)	19,861
Student Activities – Special Revenue Fund	149,823	-
Food Service – Special Revenue Fund	103,467	-
Designated Purpose Grant Fund	<u>-</u>	<u>(19,861)</u>
	<u>-</u>	<u>-</u>

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, 2018

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 EQUIVALENTS

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, 2018, 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	1,661,515	2,115,598
Cash Equivalents	702,552	-
Cash with County Treasurer	267,030	-
Cash on Hand	<u>1,600</u>	<u>-</u>
<u>Total Cash and Equivalents</u>	<u>3,382,697</u>	<u>2,865,598</u>

As presented above, deposits with a bank balance of \$2,115,598 and a carrying balance of \$1,661,515 as of June 30, 2018 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, 2018

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental Activities</u>				
<u>Non-Depreciable Assets:</u>				
Land	712,780	-	-	712,780
Construction in Progress	-	168,635	-	168,635
<u>Total Non-Depreciable Assets</u>	<u>712,780</u>	<u>168,635</u>	<u>-</u>	<u>881,415</u>
<u>Depreciable Assets:</u>				
Buildings	19,603,383	-	-	19,603,383
Site Improvements	1,415,742	-	-	1,415,742
Vehicles	1,192,711	18,000	-	1,210,711
Equipment	567,716	39,896	-	607,612
Food Service	485,894	-	-	485,894
<u>Total Depreciable Assets</u>	<u>23,265,446</u>	<u>57,896</u>	<u>-</u>	<u>23,323,342</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	13,793,663	312,292	-	14,105,955
Site Improvements	1,005,913	50,298	-	1,056,211
Vehicles	1,098,709	18,627	-	1,117,336
Equipment	511,276	19,217	-	530,493
Food Service	372,100	14,529	-	386,629
<u>Total Accumulated Depreciation</u>	<u>16,781,661</u>	<u>414,963</u>	<u>-</u>	<u>17,196,624</u>
<u>Total Capital Assets, Net</u>	<u>7,196,565</u>	<u>(188,432)</u>	<u>-</u>	<u>7,008,133</u>

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

<u>Governmental Activities:</u>	
Instruction	363,614
Operations and Maintenance	7,057
Transportation	18,627
Central Support	11,136
Food Service	14,529
<u>Total Depreciation Expense - Governmental Activities</u>	<u>414,963</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, 2018 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, 2018, are estimated to be \$864,784 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, 2018

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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

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 as of December 31, 2017. 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:

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

PENSION PLAN (Continued)

- 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:

- 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.

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 (AIR) for the SCHDTF.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

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.

Contribution provisions as of June 30, 2018. Eligible employees and Las Animas County School District Number RE-1 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
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	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Las Animas County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Las Animas County School District Number RE-1 were \$1,005,251 for the year ended June 30, 2018.

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

At June 30, 2018, the Las Animas County School District Number RE-1 reported a liability of \$39,869,939 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. 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 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Las Animas County School District Number RE-1 proportion was 0.1233 percent, which was a decrease of 0.006 percent in its proportion measured as of December 31, 2016.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

For the year ended June 30, 2018, the Las Animas County School District Number RE-1 recognized pension expense of \$7,431,387. At June 30, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	733,040	-
Changes of assumptions or other inputs	10,180,277	(64,602)
Net difference between projected and actual earnings on pension plan investments	790,402	(2,356,132)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	185,462	(1,355,622)
Contributions subsequent to the measurement date	510,365	N/A
Total	12,399,546	(3,776,356)

\$510,365 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, 2019. 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,	
2019	5,873,796
2020	3,009,711
2021	(181,649)
2022	(589,033)
2023	-
Thereafter	-

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

The long-term expected 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.

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.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target asset 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:

- 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%.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

PENSION PLAN (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law 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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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 4.78 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 (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	50,362,514	39,869,939	31,319,689

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **PENSION PLAN (Continued)**

At June 30 2018, the Las Animas County School District Number RE-1 reported a liability of \$39,869,939 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the Las Animas County School District Number RE-1's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	18,012,893

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$18,611,574 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

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 which includes additional information on the Voluntary Investment Program. 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, 2018, program members contributed \$20,415.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Las Animas County School District Number RE-1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the Las Animas County School District Number RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF 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. Employer contributions recognized by the HCTF from Las Animas County School District Number RE-1 were \$54,308 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Las Animas County School District Number RE-1 reported a liability of \$910,461 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Las Animas County School District Number RE-1 proportion of the net OPEB liability was based on Las Animas County School District Number RE-1 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Las Animas County School District Number RE-1 proportion was 0.0701 percent, which was a decrease of 0.0034 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Las Animas County School District Number RE-1 recognized OPEB expense (revenue) of \$(34,985). At June 30, 2018, the Las Animas County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	4,306	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(15,232)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(37,163)
Contributions subsequent to the measurement date	27,212	N/A
Total	31,518	(52,395)

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

\$27,212 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	(10,263)
2020	(10,263)
2021	(10,263)
2022	(10,263)
2023	(6,455)
Thereafter	(582)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

The Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on 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 based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on 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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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%.

Sensitivity of the Las Animas County School District Number RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	885,411	910,461	940,633

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

- 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%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Las Animas County School District Number RE-1 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	1,023,645	910,461	813,856

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 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, 2017, is as follows:

Assets and Deferred Outflows	8,560,496
Liabilities and Deferred Inflows	<u>15,288,841</u>
Net Position	<u>(6,728,345)</u>
 Revenues	 4,056,258
Expenses	<u>5,961,309</u>
Change in Net Position	<u>(1,905,051)</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 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (continued)

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, 2018.

An audited summary of the Colorado School District's Pool financial information for the six month period ended June 30, 2017 (latest information available) follows:

Total Assets	<u>42,273,940</u>
Total Liabilities	<u>11,655,251</u>
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	<u>4,126,717</u>
Underwriting Gain (Loss)	3,302,677
Net Investment Income	276,653
Other Income	-
Net Income (Loss) Before Dividend	3,579,330
Dividend	-
Net Income	3,579,330
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>235,606</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>30,618,689</u>

NOTE 12 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, 2018

NOTE 12 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>
2019	475,000	50,300
2020	500,000	30,800
2021	520,000	10,400
	<u>1,495,000</u>	<u>91,500</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, \$24,614 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>
2018	<u>-0-</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>
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>885,000</u>	<u>153,150</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 LONG-TERM OBLIGATIONS (continued)

Changes in Long-Term Debt (Fiscal Year ended June 30, 2018)

<u>Changes in Long-Term Debt</u>	<u>Beginning Balance 7-1-2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance 6-30-2018</u>	<u>Current Portion</u>
COP's	960,000	-	75,000	885,000	75,000
Early Retirement Incentives	24,614	-	24,614	-	-
G.O. Refunding Bonds	1,960,000	-	465,000	1,495,000	475,000
Deferred Refunding – G.O. Bond	(24,381)	-	(10,338)	(14,043)	
<u>Total</u>	<u>2,920,233</u>	<u>-</u>	<u>554,276</u>	<u>2,365,957</u>	

NOTE 13 CAPITAL LEASES

The District entered into a capital lease arrangement in the year ended June 30, 2018 to acquire a new phone system. Five annual payments of \$34,815, which include interest at an annual rate of 1.55%, are scheduled to begin September 12, 2018. The amount financed was \$168,635.

Future minimum payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	34,599	216	34,815
2020	32,741	2,074	34,815
2021	33,248	1,567	34,815
2022	33,762	1,053	34,815
2023	<u>34,285</u>	<u>530</u>	<u>34,815</u>
	<u>168,635</u>	<u>5,440</u>	174,075
Less: Amounts representing interest			<u>5,440</u>
Net Present Value of Future Minimum Payments			<u>168,635</u>

NOTE 14 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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 INTERFUND BALANCES

	<u>Amounts Due From Other Funds</u>	<u>Amounts Due To Other Funds</u>
General Fund	19,861	-
Designated Purpose Grants Fund	<u>-</u>	<u>19,861</u>
	<u>19,861</u>	<u>19,861</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	253,290	-
Student Activity Special Revenue Fund - Nonmajor	-	149,823
Food Service Special Revenue Fund - Nonmajor	<u>-</u>	<u>103,467</u>
	<u>253,290</u>	<u>253,290</u>

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

NOTE 16 RESTATEMENT OF BEGINNING NET POSITION

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$(17,526,500) has been changed by the net OPEB liability at June 30, 2017 of \$(952,777) and related deferred flows of \$(13,546), resulting in a restated beginning net position of \$(18,492,823).

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.

Pension Trend Data

Other Post Employment Benefits Trend Data

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	1,268,350	1,433,190	1,407,026	(26,164)
Specific Ownership Taxes	333,150	303,150	348,596	45,446
Earnings on Investments	5,000	5,000	7,111	2,111
Delinquent Taxes & Interest	35,500	17,000	10,787	(6,213)
Other	319,840	367,800	191,995	(175,805)
<u>State Sources</u>				
Equalization	7,393,155	6,915,960	6,970,169	54,209
Transportation	53,585	69,000	103,076	34,076
Vocational Education	113,755	75,000	65,065	(9,935)
Special Education	-	48,100	160,869	112,769
Other	112,690	294,900	288,836	(6,064)
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	-	-
Other	-	-	-	-
<u>TOTAL REVENUES</u>	<u>9,635,025</u>	<u>9,529,100</u>	<u>9,553,530</u>	<u>24,430</u>
<u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	3,362,871	3,212,593	3,111,367	101,226
Employee Benefits	1,116,681	1,021,692	933,718	87,974
Purchased Services - Professional	6,150	6,150	-	6,150
Purchased Services - Property	3,000	3,000	191	2,809
Purchased Services - Other	728,550	728,550	620,643	107,907
Supplies and Materials	240,950	240,950	228,926	12,024
Property	5,325	5,325	1,714	3,611
Other Objects	18,500	18,500	17,735	765
<u>Total Instruction</u>	<u>5,482,027</u>	<u>5,236,760</u>	<u>4,914,294</u>	<u>322,466</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	374,900	374,900	329,395	45,505
Employee Benefits	123,725	123,725	104,918	18,807
Purchased Services - Professional	1,000	1,000	230	770
Purchased Services - Property	-	-	-	-
Purchased Services - Other	219,800	219,800	222,471	(2,671)
Supplies and Materials	3,300	3,300	2,630	670
Property	2,000	2,000	2,021	(21)
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>724,725</u>	<u>724,725</u>	<u>661,665</u>	<u>63,060</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	73,135	73,135	53,013	20,122
Benefits	25,055	25,055	16,203	8,852
Purchased Services – Professional	31,700	31,700	16,889	14,811
Purchased Services – Property	-	-	-	-
Purchased Services – Other	9,400	9,400	2,072	7,328
Supplies and Materials	35,000	35,000	33,608	1,392
Property	-	-	-	-
<u>Total Instructional Staff</u>	<u>174,290</u>	<u>174,290</u>	<u>121,785</u>	<u>52,505</u>
<u>General Administration</u>				
Salaries	206,266	206,266	201,518	4,748
Employee Benefits	58,480	58,480	51,798	6,682
Purchased Services – Professional	27,500	27,500	43,584	(16,084)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	15,100	15,100	11,041	4,059
Supplies and Materials	5,200	5,200	6,813	(1,613)
Property	1,000	1,000	-	1,000
Other Objects	<u>12,050</u>	<u>12,050</u>	<u>13,006</u>	<u>(956)</u>
<u>Total General Administration</u>	<u>325,596</u>	<u>325,596</u>	<u>327,760</u>	<u>(2,164)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	553,845	553,845	539,396	14,449
Employee Benefits	183,470	183,470	164,028	19,442
Purchased Services – Professional	2,500	2,500	-	2,500
Purchased Services – Other	12,900	12,900	16,652	(3,752)
Supplies and Materials	8,100	8,100	7,400	700
Property	1,000	1,000	300	700
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>761,815</u>	<u>761,815</u>	<u>727,776</u>	<u>34,039</u>
<u>Business Services</u>				
Salaries	162,300	162,300	166,525	(4,225)
Employee Benefits	51,637	51,637	44,379	7,258
Purchased Services – Professional	26,500	26,500	48,856	(22,356)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	2,100	2,100	5,284	(3,184)
Supplies and Materials	9,000	9,000	10,036	(1,036)
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>251,537</u>	<u>251,537</u>	<u>275,080</u>	<u>(23,543)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
<u>SUPPORTING SERVICES (Continued)</u>	<u>Original</u>	<u>Final</u>		
<u>Operations and Maintenance</u>				
Salaries	410,750	410,750	404,878	5,872
Employee Benefits	142,800	142,800	133,953	8,847
Purchased Services – Professional	82,700	82,700	218,665	(135,965)
Purchased Services – Property	112,500	112,500	96,523	15,977
Purchased Services – Other	24,000	24,000	27,020	(3,020)
Supplies and Materials	381,500	381,500	331,701	49,799
Property	17,000	17,000	42,521	(25,521)
Other Objects	4,400	4,400	7,073	(2,673)
<u>Total Operations and Maintenance</u>	<u>1,175,650</u>	<u>1,175,650</u>	<u>1,262,334</u>	<u>(86,684)</u>
<u>Student Transportation</u>				
Salaries	141,700	141,700	135,115	6,585
Benefits	74,911	74,911	49,502	25,409
Purchased Services – Professional	5,000	5,000	4,970	30
Purchased Services – Property	60,000	60,000	52,430	7,570
Purchased Services – Other	5,950	5,950	3,119	2,831
Supplies and Materials	33,000	33,000	26,208	6,792
Property	-	-	27,857	(27,857)
Other Objects	-	-	-	-
<u>Total Student Transportation</u>	<u>320,561</u>	<u>320,561</u>	<u>299,201</u>	<u>21,360</u>
<u>Central Support</u>				
Salaries	62,100	62,100	61,044	1,056
Employee Benefits	18,800	18,800	17,713	1,087
Purchased Services – Professional	12,000	12,000	8,692	3,308
Purchased Services – Property	-	-	-	-
Purchased Services – Other	266,315	266,315	348,547	(82,232)
Supplies and Materials	55,000	55,000	17,763	37,237
Property	25,000	210,000	185,015	24,985
<u>Total Central Support</u>	<u>439,215</u>	<u>624,215</u>	<u>638,774</u>	<u>(14,559)</u>
<u>Other Support</u>				
Salaries	50,000	50,000	18,067	31,933
Employees Benefits	10,725	10,725	3,647	7,078
Purchased Services – Professional	3,400	3,400	3,405	(5)
Purchased Services – Property	-	-	-	-
Other Objects	1,000	1,000	199	801
<u>Total Other Support</u>	<u>65,125</u>	<u>65,125</u>	<u>25,318</u>	<u>39,807</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Food Service</u>				
Purchased Services – Property	-	-	4,364	(4,364)
Supplies and Materials	-	-	-	-
Property	-	-	23,546	(23,546)
<u>Total Food Service</u>	<u>-</u>	<u>-</u>	<u>27,910</u>	<u>(27,910)</u>
<u>Debt Service</u>				
Principal	85,000	85,000	75,000	10,000
Interest	28,800	28,800	28,000	800
<u>Total Debt Service</u>	<u>113,800</u>	<u>113,800</u>	<u>103,000</u>	<u>10,800</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>4,352,314</u>	<u>4,537,314</u>	<u>4,470,603</u>	<u>66,711</u>
<u>APPROPRIATED RESERVES</u>	<u>241,320</u>	<u>136,426</u>	<u>-</u>	<u>136,426</u>
<u>TOTAL EXPENDITURES</u>	<u>10,075,661</u>	<u>9,910,500</u>	<u>9,384,897</u>	<u>525,603</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(440,636)</u>	<u>(381,400)</u>	<u>168,633</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital Lease Proceeds	-	-	168,635	168,635
Transfers	(324,185)	(299,600)	(253,290)	46,310
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(324,185)</u>	<u>(299,600)</u>	<u>(84,655)</u>	<u>214,945</u>
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(764,821)</u>	<u>(681,000)</u>	<u>83,978</u>	
<u>FUND BALANCE, July 1</u>	<u>1,185,120</u>	<u>1,590,854</u>	<u>1,575,098</u>	
<u>FUND BALANCE, June 30</u>	<u>420,299</u>	<u>909,854</u>	<u>1,659,076</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local Sources	-	227,951	92,753	(135,198)
State Sources	15,530	-	-	-
Federal Sources	415,741	553,549	502,310	(51,239)
<u>Total Revenues</u>	<u>431,271</u>	<u>781,500</u>	<u>595,063</u>	<u>(186,437)</u>
<u>Expenditures</u>				
Instruction	374,271	585,772	390,629	195,143
Support Services	57,000	195,728	204,434	(8,706)
<u>Total Expenditures</u>	<u>431,271</u>	<u>781,500</u>	<u>595,063</u>	<u>186,437</u>
<u>Revenues Over (Under) Expenditures</u>	-	-	-	-
<u>Transfers</u>	-	-	-	-
<u>FUND BALANCES, July 1</u>	-	-	-	-
<u>FUND BALANCES, June 30</u>	-	-	-	-

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

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

	<u>2018</u>	<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>
District's proportion of the net pension liability (asset)	0.1233%	0.1293%	0.1307%	0.1230%	0.1348%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$39,869,939	\$38,493,259	\$19,998,864	\$16,667,595	\$17,198,752	-	-	-	-	-
District's covered-employee payroll	\$5,324,272	\$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	748%	653%	347%	308%	336%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	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 - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<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>
Contractually required contributions	\$ 1,005,251	\$ 1,085,056	\$ 1,021,830	\$ 914,944	\$ 819,574	\$ 897,576	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(1,005,251)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$5,324,272	\$5,890,683	\$5,760,446	\$5,411,409	\$5,126,183	\$5,925,567	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.88%	18.41%	17.73%	16.91%	15.99%	15.15%	-	-	-	-

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

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

	<u>2018</u>	<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>
District's proportion of the net OPEB liability (asset)	0.0701%	0.0735%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$910,461	\$952,777	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$5,324,272	\$5,890,683	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	17.10%	16.17%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%	-	-	-	-	-	-	-	-

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

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

	<u>2018</u>	<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>
Contractually required contributions	\$ 54,308	\$ 60,085	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>~~\$(54,308)~~</u>	<u>~~\$(60,085)~~</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$5,324,272	\$5,890,683	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

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, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Student</u>	<u>Non-Major</u>
	<u>Service</u>	<u>Activities</u>	<u>Governmental</u>
			<u>Funds</u>
<u>ASSETS</u>			
Cash and Equivalents	97,113	5,740	102,853
Investments	-	-	-
Accounts Receivable	3,657	-	3,657
Accrued Revenue	-	-	-
Due From Other Funds	-	-	-
Inventories	<u>8,523</u>	<u>-</u>	<u>8,523</u>
<u>Total Assets</u>	<u>109,293</u>	<u>5,740</u>	<u>115,033</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	1,200	-	1,200
Accrued Salaries	20,048	-	20,048
Due To Other Funds	-	-	-
Deposits Held	<u>1,303</u>	<u>-</u>	<u>1,303</u>
<u>Total Liabilities</u>	<u>22,551</u>	<u>-</u>	<u>22,551</u>
<u>Fund Balances:</u>			
Nonspendable:			
Inventories	8,523	-	8,523
Restricted:			
Food Service	78,219	-	78,219
Committed:	-	-	-
Assigned:			
Student Activities	-	5,740	5,740
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Fund Balances</u>	<u>86,742</u>	<u>5,740</u>	<u>92,482</u>
<u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>109,293</u>	<u>5,740</u>	<u>115,033</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, 2018

	<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	47	9	56
Fees and Charges	33,317	27,298	60,615
State Aid	4,443	-	4,443
Federal Aid	<u>514,335</u>	<u>-</u>	<u>514,335</u>
<u>Total Revenues</u>	<u>552,142</u>	<u>27,307</u>	<u>579,449</u>
<u>EXPENDITURES:</u>			
Current:			
Instructional Services	-	177,967	177,967
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Food Service	624,055	-	624,055
Debt Service	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>624,055</u>	<u>177,967</u>	<u>802,022</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(71,913)	(150,660)	(222,573)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>103,467</u>	<u>149,823</u>	<u>253,290</u>
<u>NET CHANGE IN FUND BALANCES</u>	31,554	(837)	30,717
<u>FUND BALANCES, Beginning</u>	<u>55,188</u>	<u>6,577</u>	<u>61,765</u>
<u>FUND BALANCES, Ending</u>	<u>86,742</u>	<u>5,740</u>	<u>92,482</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Tax	534,800	529,401	(5,399)
Earnings on Investments	250	3,308	3,058
Other Local	5,750	4,515	(1,235)
<u>Total Revenues</u>	<u>540,800</u>	<u>537,224</u>	<u>(3,576)</u>
<u>EXPENDITURES</u>			
Debt Service:			
Principal	465,000	465,000	-
Interest	50,300	67,356	(17,056)
Other	1,000	700	300
Appropriated Reserves	24,500	-	24,500
<u>Total Expenditures</u>	<u>540,800</u>	<u>533,056</u>	<u>7,744</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	4,168	
<u>OTHER FINANCING SOURCES (USES)</u>	-	-	-
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	-	4,168	
<u>FUND BALANCES, July 1</u>	<u>790,650</u>	<u>793,651</u>	
<u>FUND BALANCES, June 30</u>	<u>790,650</u>	<u>797,819</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	57,200	33,317	(23,883)
Earnings on Investments	50	47	(3)
Other	-	-	-
<u>State Sources</u>			
School Lunches and Breakfast	600	4,443	3,843
<u>Federal Sources</u>			
School Lunches and Breakfast	488,900	484,067	(4,833)
Commodities	26,650	30,268	3,618
<u>Total Revenues</u>	<u>573,400</u>	<u>552,142</u>	<u>(21,258)</u>
<u>EXPENDITURES</u>			
Salaries	234,200	217,487	16,713
Employee Benefits	99,150	81,988	17,162
Purchased Services – Professional	28,830	8,232	20,598
Purchased Services – Property	-	-	-
Purchased Services - Other	1,000	705	295
Food Purchases	264,200	264,367	(167)
Capital Outlay	-	-	-
Commodities	26,620	30,268	(3,648)
Non-Food Supplies	29,000	21,008	7,992
Other	400	-	400
Appropriated Reserves	55,188	-	55,188
<u>Total Expenditures</u>	<u>738,588</u>	<u>624,055</u>	<u>114,533</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(165,188)</u>	<u>(71,913)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	110,000	103,467	(6,533)
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>(55,188)</u>	<u>31,554</u>	
<u>FUND BALANCE, July 1</u>	<u>55,188</u>	<u>55,188</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>86,742</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
Other Local	<u>23,400</u>	<u>27,307</u>	<u>3,907</u>
<u>Total Revenues</u>	<u>23,400</u>	<u>27,307</u>	<u>3,907</u>
<u>EXPENDITURES:</u>			
Co-Curricular Instruction	213,000	177,967	35,033
Support	-	-	-
Appropriated Reserve	<u>4,662</u>	<u>-</u>	<u>4,662</u>
<u>Total Expenditures</u>	<u>217,662</u>	<u>177,967</u>	<u>39,695</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(194,262)	(150,660)	
<u>TRANSFERS</u>	<u>189,600</u>	<u>149,823</u>	<u>(39,777)</u>
<u>NET CHANGE IN FUND BALANCE</u>	(4,662)	(837)	
<u>FUND BALANCE, July 1</u>	<u>4,662</u>	<u>6,577</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>5,740</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>RECEIPTS</u>			
Other Local	<u>300,000</u>	<u>178,861</u>	(121,139)
<u>Total Receipts</u>	<u>300,000</u>	<u>178,861</u>	<u>(121,139)</u>
<u>EXPENDITURES</u>			
Pupil Activities	<u>371,869</u>	<u>173,418</u>	<u>198,451</u>
Net Increase (Decrease) in Deposits Held	(71,869)	5,443	
Deposits Held – Beginning of Year	<u>146,869</u>	<u>146,869</u>	
Deposits Held – End of Year	<u>75,000</u>	<u>152,312</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 2017-18
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	1,575,098	9,468,875	9,384,897	1,659,075
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	1,575,098	9,468,875	9,384,897	1,659,075
11 Charter School Fund	0	0	0	0
2016-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
21 Food Service Spec Revenue Fund	55,188	655,609	624,054	86,742
22 Govt Designated-Purpose Grants Fund	0	595,063	595,063	0
23 Pupil Activity Special Revenue Fund	6,577	177,130	177,967	5,740
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	793,050	537,225	533,056	797,819
38 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0
Totals	2,490,513	11,493,903	11,515,037	2,549,377
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64(63) Risk-Related Activity Fund	0	0	0	0
6065-69 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	146,869	178,851	173,418	152,312
79 GASB 34P Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	146,869	178,851	173,418	152,312
FINAL	2,637,382	11,672,754	11,688,455	2,701,689



Colorado Department of Education
Bolded Balance Sheet Report
 District: 1580 - TRINIDAD 1
 Fiscal Year 2017-18
 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)	2,067,768	0	0	95,921	0	97,113	0	0	0	0	0	0	152,312	0	2,413,114
Cash with Fiscal Agent (8105)	198,368	0	0	0	0	0	771,215	0	0	0	0	0	0	0	969,583
Taxes Receivable (8121,8122)	138,000	0	0	0	0	0	51,500	0	0	0	0	0	0	0	189,500
Interfund Loans Receivable (8131,8132)	19,861	0	0	0	0	0	0	0	0	0	0	0	0	0	19,861
Intergovernmental Accounts Rec (8141)	160,869	0	0	0	0	0	0	0	0	0	0	0	0	0	160,869
Grants Accounts Receivable (8142)	16,266	0	0	232,746	0	3,620	0	0	0	0	0	0	0	0	252,633
Other Receivables (8151-8154,8161)	72,659	0	0	0	0	37	0	0	0	0	0	0	0	0	72,696
Inventories (8171,8172,8173)	0	0	0	0	0	8,523	0	0	0	0	0	0	0	0	8,523
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,573,791	0	0	328,668	0	109,734	822,715	0	0	0	0	0	152,312	0	4,096,700

	Governmental							Proprietary			Fiduciary				
	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
LIABILITIES & FUND EQUITY															
LIABILITIES															
Interfund Payables (7401,7402)	0	0	0	19,861	0	0	0	0	0	0	0	0	0	0	19,861
Other Payables (7421-7423)	108,421	0	0	0	0	1,200	0	0	0	0	0	0	0	0	109,621
Accrued Expenses (7461)	796,600	0	0	48,136	0	20,048	0	0	0	0	0	0	0	0	864,784
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	7,189	0	0	0	0	1,303	0	0	0	0	0	0	0	0	8,492
Grants Deferred Revenue (7482)	35,205	0	0	0	0	0	0	0	0	0	0	0	0	0	35,205
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)	66,701	0	0	0	0	0	24,896	0	0	0	0	0	0	0	91,597
Deferred Inflow Grants (7801)	0	0	0	254,930	0	0	0	0	0	0	0	0	0	0	254,930
Total Liabilities	1,014,716	0	0	372,977	0	22,551	24,896	0	0	0	0	0	0	0	1,385,090

Fiduciary

Proprietary

Governmental

FUND EQUITY	Governmental										Proprietary				Fiduciary	
	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	
Non-spendable Fund Balance 6710	0	0	0	0	0	8,523	0	0	0	0	0	0	0	0	8,523	
Restricted Fund Balance 6720	0	0	0	0	0	78,219	797,819	0	0	0	0	0	0	0	876,038	
TABOR 3% Emergency Reserve 6721	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	308,000	
TABOR 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) 6723	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	36,814	0	0	0	0	0	0	0	0	0	0	0	0	0	36,814	
Assigned Fund Balance 6760	0	0	0	5,740	0	0	0	0	0	0	0	0	152,312	0	158,053	
Unassigned Fund Balance 6770	1,314,261	0	0	0	0	0	0	0	0	0	0	0	0	0	1,314,261	
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	1,659,075	0	0	5,740	0	86,742	797,819	0	0	0	0	0	152,312	0	2,701,690	

FUND EQUITY	Governmental										Proprietary				Fiduciary	
	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	
Non-spendable Fund Balance 6710	0	0	0	0	0	8,523	0	0	0	0	0	0	0	0	8,523	
Restricted Fund Balance 6720	0	0	0	0	0	78,219	797,819	0	0	0	0	0	0	0	876,038	
TABOR 3% Emergency Reserve 6721	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	308,000	
TABOR 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) 6723	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	36,814	0	0	0	0	0	0	0	0	0	0	0	0	0	36,814	
Assigned Fund Balance 6760	0	0	0	5,740	0	0	0	0	0	0	0	0	152,312	0	158,053	
Unassigned Fund Balance 6770	1,314,261	0	0	0	0	0	0	0	0	0	0	0	0	0	1,314,261	
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	1,659,075	0	0	5,740	0	86,742	797,819	0	0	0	0	0	152,312	0	2,701,690	

FUND EQUITY	Governmental										Proprietary				Fiduciary	
	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	
Non-spendable Fund Balance 6710	0	0	0	0	0	8,523	0	0	0	0	0	0	0	0	8,523	
Restricted Fund Balance 6720	0	0	0	0	0	78,219	797,819	0	0	0	0	0	0	0	876,038	
TABOR 3% Emergency Reserve 6721	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	308,000	
TABOR 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) 6723	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	36,814	0	0	0	0	0	0	0	0	0	0	0	0	0	36,814	
Assigned Fund Balance 6760	0	0	0	5,740	0	0	0	0	0	0	0	0	152,312	0	158,053	
Unassigned Fund Balance 6770	1,314,261	0	0	0	0	0	0	0	0	0	0	0	0	0	1,314,261	
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	1,659,075	0	0	5,740	0	86,742	797,819	0	0	0	0	0	152,312	0	2,701,690	

FUND EQUITY	Governmental										Proprietary				Fiduciary	
	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	
Non-spendable Fund Balance 6710	0	0	0	0	0	8,523	0	0	0	0	0	0	0	0	8,523	
Restricted Fund Balance 6720	0	0	0	0	0	78,219	797,819	0	0	0	0	0	0	0	876,038	
TABOR 3% Emergency Reserve 6721	308,000	0	0	0	0	0	0	0	0	0	0	0	0	0	308,000	
TABOR 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) 6723	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	36,814	0	0	0	0	0	0	0	0	0	0	0	0	0	36,814	
Assigned Fund Balance 6760	0	0	0	5,740	0	0	0	0	0	0	0	0	152,312	0	158,053	
Unassigned Fund Balance 6770	1,314,261	0	0	0	0	0	0	0	0	0	0	0	0	0	1,314,261	
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	1,659,075	0	0	5,740	0	86,742	797,819	0	0	0	0	0	152,312	0	2,701,690	

For Each Fund Type:
Do Assets=Liability+Fund Equity

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Las Animas County School District Number RE-1 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Las Animas County School District Number RE-1's basic financial statements, and have issued our report thereon dated November 28, 2018.

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.

Aiton, Waller & Co., Inc.

November 28, 2018

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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, 2018. 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, 2018.

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.

Duford, Waller & Co., Inc.

November 28, 2018

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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, 2018.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2018

There are no prior audit findings requiring disclosure.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<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	374,119
Title II A – Teach Quality	84.367	4367	109,203
Race to the TOP	84.412	5412	686
Student Support and Academic Enrichment	84.424	4424	9,355
Passed through Colorado Community College and Occupational Education Vocational Education: Carl Perkins	84.048	4048	<u>8,947</u>
<u>Total Department of Education</u>			<u>502,310</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
National School Breakfast Program	10.553	4553	150,113
National School Lunch Program	10.555	4555	325,090
Summer Food Service Program	10.559	4559	8,864
Passed through Colorado Department of Human Services			
Food Distribution (Commodities)	10.555	4555	<u>30,268</u>
<u>Total Child Nutrition Cluster</u>			<u>514,335</u>
<u>Total Department of Agriculture</u>			<u>514,335</u>
<u>TOTAL EXPENDITURES</u>			<u>1,016,645</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, 2018

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.

NOTE 4 SUBRECIPIENTS

The District did not pass through any grant amounts to subrecipients for the year ended June 30, 2018.