

Las Animas School District RE-1
Auditor's Report and Financial Statements
June 30, 2019

**Las Animas School District RE-1
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June 30, 2019**

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***r*farmer, llc**
a certified public accounting and consulting firm

Independent Auditor's Report

Board of Education
Las Animas School District RE-1

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 School District RE-1 (the "District"), as of and for the year ended June 30, 2019, 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

The District's 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 the District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary information on page 37, Schedule of District's Proportionate Share of the Net Pension Liability on page 38, Schedule of District's

Proportionate Share of the Net OPEB Liability on page 39, Schedule of Contributions and Related Ratios on page 40, and Schedule of Contributions and Related Ratios OPEB on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be present to supplement the basic financial statements. Such missing information, although, not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, including budget and actual statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is 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 January 20, 2020 on our consideration of the District'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 the District's internal control over financial reporting and compliance.

rfarmer, llc

January 20, 2020

Las Animas School District RE-1
Statement of Net Position
June 30, 2019

	Governmental Activities	Total
ASSETS		
Cash and Equivalents	\$ 4,415,371	\$ 4,415,371
Receivables	295,121	295,121
Internal balances	34,850	34,850
Inventories	2,235	2,235
Capital Assets:		
Land	77,029	77,029
Vehicles	572,706	572,706
Buildings and sites	15,677,845	15,677,845
Equipment and Food Service Equip	2,143,803	2,143,803
Construction in progress	50,000	50,000
Less: Accumulated Depreciation	(7,995,660)	(7,995,660)
Total Capital Assets	10,525,723	10,525,723
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plan & OPEB	3,017,213	3,017,213
Total Assets and Deferrals	18,290,513	18,290,513
LIABILITIES		
Accounts payable and accrued expenses	722,479	722,479
Internal balances	34,850	34,850
Unearned Revenues	30,699	30,699
Long-term liabilities		
Due within one year		
Bonds payable	150,000	150,000
Capital leases	97,844	97,844
Compensated Absences	44,188	44,188
Accrued Interest Payable	10,515	10,515
Due in more than one year		
Bonds payable	495,000	495,000
Net Pension & OPEB Liability	8,852,930	8,852,930
Total liabilities	10,438,505	10,438,505
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	6,019,900	6,019,900
NET POSITION		
Net investment in capital assets	8,519,139	8,519,139
Restricted:		
Debt Service	734,615	734,615
Capital projects	21,203	21,203
TABOR	600,789	600,789
Unrestricted	(8,043,638)	(8,043,638)
Total net position	\$ 1,832,108	\$ 1,832,108

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

**Las Animas School District RE-1
Statement of Activities
For the Year Ended June 30, 2019**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government						
Governmental Activities						
Instructional:						
Instructional Services	\$ 15,428,588	\$ 13,628	\$ 846,021	\$ 433,300	\$ (14,135,639)	\$ (14,135,639)
Students	126,421	-	-	-	(126,421)	(126,421)
Instructional Staff	188,346	-	-	-	(188,346)	(188,346)
District Administration	150,685	-	-	-	(150,685)	(150,685)
School Administration	97,393	-	-	-	(97,393)	(97,393)
Business	136,931	-	-	-	(136,931)	(136,931)
Operations & Maintenance of Facilities	973,150	-	-	-	(973,150)	(973,150)
Transportation	181,097	-	-	-	(181,097)	(181,097)
Total Instructional	<u>17,282,611</u>	<u>13,628</u>	<u>846,021</u>	<u>433,300</u>	<u>(15,989,662)</u>	<u>(15,989,662)</u>
Support Services:						
Central Support	598,196	-	-	-	(598,196)	(598,196)
Food Service	332,752	19,108	248,169	-	(65,475)	(65,475)
Interest on Long-term debt	29,545	-	-	-	(29,545)	(29,545)
Total Support Services	<u>960,493</u>	<u>19,108</u>	<u>248,169</u>	<u>-</u>	<u>(693,216)</u>	<u>(693,216)</u>
Operation of Noninstructional Services:						
Total governmental activities	<u>18,243,104</u>	<u>32,736</u>	<u>1,094,190</u>	<u>433,300</u>	<u>(16,682,878)</u>	<u>(16,682,878)</u>
Total primary government	<u>18,243,104</u>	<u>32,736</u>	<u>1,094,190</u>	<u>433,300</u>	<u>(16,682,878)</u>	<u>(16,682,878)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					\$ 1,226,031	\$ 1,226,031
Property taxes, levied for debt service					148,010	148,010
Specific ownership, general					124,512	124,512
State & federal aid not restricted to specific functions:						
State equalization/Per pupil revenue					17,424,215	17,424,215
Unrestricted investment earnings					31,060	31,060
Miscellaneous					909,086	909,086
Total general revenues, special items, and transfers					<u>19,862,914</u>	<u>19,862,914</u>
Change in net assets					3,180,036	3,180,036
Net position - beginning					<u>(1,347,928)</u>	<u>(1,347,928)</u>
Net position - ending					<u>\$ 1,832,108</u>	<u>\$ 1,832,108</u>

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

**Las Animas School District RE-1
Balance Sheet
Governmental Funds
June 30, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Capital Reserves</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,621,782	\$ 729,811	\$ 21,203	\$ 43,309	\$ 4,416,105
Taxes receivable, net	39,899	4,804	-	-	44,703
Due from other funds	34,850	-	-	-	34,850
Other receivables	202,532	-	-	47,150	249,682
Inventories	-	-	-	2,235	2,235
Total assets	<u>3,899,063</u>	<u>734,615</u>	<u>21,203</u>	<u>92,694</u>	<u>4,747,575</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	672,416	-	-	50,063	722,479
Due to other funds	-	-	-	34,850	34,850
Unearned revenue	25,915	-	-	4,784	30,699
Total liabilities	<u>698,331</u>	<u>-</u>	<u>-</u>	<u>89,697</u>	<u>788,028</u>
Fund balances:					
Non-spendable inventory	-	-	-	2,235	2,235
Debt service	-	734,615	-	-	734,615
Committed capital projects funds	-	-	21,203	-	21,203
Restricted-TABOR and CPP	611,689	-	-	-	611,689
Unassigned	2,589,043	-	-	-	2,589,043
Committed, reported in non-major:					
Special revenue funds	-	-	-	762	762
Total fund balances	<u>3,200,732</u>	<u>734,615</u>	<u>21,203</u>	<u>2,997</u>	<u>3,959,547</u>
Total liabilities and fund balances	<u>\$ 3,899,063</u>	<u>\$ 734,615</u>	<u>\$ 21,203</u>	<u>\$ 92,694</u>	<u>\$ 4,747,575</u>

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

Las Animas School District RE-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balance, governmental funds	\$	3,959,547
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		10,525,723
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets: Pension Plan Deferred Outflow		3,017,213
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(15,670,377)
Rounding		<u>2</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>1,832,108</u></u>

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

Las Animas School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Capital Reserves</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 1,226,031	\$ 148,010	\$ -	\$ -	\$ 1,374,041
SO Tax	109,791	14,720	-	-	124,511
Other Local Sources	696,857	-	7,601	-	704,458
State Aid	17,468,089	-	282,674	-	17,750,763
Charges for services	-	-	-	32,736	32,736
Earnings on Investments	14,045	16,219	796	360	31,420
Federal Aid	-	-	-	839,284	839,284
Donations and Grants	519,426	-	-	-	519,426
Total revenues	<u>20,034,239</u>	<u>178,949</u>	<u>291,071</u>	<u>872,380</u>	<u>21,376,639</u>
EXPENDITURES					
Instructional:					
Instructional Services	15,938,273	-	-	574,124	16,512,397
Support Services:					
Students	95,801	-	-	30,620	126,421
Instructional Staff	188,346	-	-	-	188,346
District Administration	150,685	-	-	-	150,685
School Administration	97,393	-	-	-	97,393
Business	136,931	-	-	-	136,931
Operations & Maintenance	947,446	-	-	-	947,446
Transportation	131,944	-	-	-	131,944
Central	595,832	2,365	-	-	598,197
Food Service	-	-	-	327,534	327,534
Total Instructional & Support	<u>18,282,651</u>	<u>2,365</u>	<u>-</u>	<u>932,278</u>	<u>19,217,294</u>
Debt Service:					
Principal	36,106	150,000	76,938	-	263,044
Interest Expense	1,932	22,350	5,263	-	29,545
Capital Outlay	386,526	-	1,122,218	-	1,508,744
Total Expenditures	<u>18,707,215</u>	<u>174,715</u>	<u>1,204,419</u>	<u>932,278</u>	<u>21,018,627</u>
Excess (deficiency) of revenues over expenditures	<u>1,327,024</u>	<u>4,234</u>	<u>(913,348)</u>	<u>(59,898)</u>	<u>358,012</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	600,000	-	600,000
Transfers out	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
Total other financing sources uses	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	727,024	4,234	(313,348)	(59,898)	358,012
Fund balances - beginning	2,473,708	730,381	334,551	62,895	3,601,535
Fund balances - ending	<u>\$ 3,200,732</u>	<u>\$ 734,615</u>	<u>\$ 21,203</u>	<u>\$ 2,997</u>	<u>\$ 3,959,547</u>

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

Las Animas School District 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, 2019

Net change in fund balances - total governmental funds: \$ 358,012

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$1,508,744 is more than depreciation of \$552,835 in the current period. 955,909

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 46,501

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 263,044

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net difference between PERA pension and OPEB actual expense and contributions 1,556,569

Rounding 1
Change in net position of governmental activities \$ 3,180,036

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

**Las Animas School District RE-1
Statement of Fiduciary Net Position
Agency Fund
June 30, 2019**

	<u>Student Activities Fund</u>
ASSETS	
Cash	<u>\$ 125,250</u>
Total Assets	<u>125,250</u>
LIABILITIES	
Due to Student Groups	<u>125,250</u>
Total Liabilities	<u>\$ 125,250</u>

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

Las Animas School District Number RE-1
Notes to Basic Financial Statements
June 30, 2019

Note 1 Summary of Significant Accounting Policies

The accounting policies of the Las Animas 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 School District Number RE-1. The District received funding from local, state, and federal government sources and must comply within 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.

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) 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's financial position.

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.

Financial statements are provided for the governmental funds. Major individual governmental funds include the General Fund, Bond Redemption Debt Service Fund, and Capital Project Fund.

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. Property taxes are recognized as revenues in the year the taxes are received. Grants and similar items are recognized as revenues 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.

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.

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.

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.

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 inflows/outflows, 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 accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Capital Project Fund – used to account for bond proceeds, grants, and other sources for capital expenditures on a designated project.

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.

Receivables

Property taxes levied in 2018 but uncollected in 2019 are identified as property taxes receivable. Receivables are present net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

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, if any, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

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 governmental column 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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.

In addition to liabilities, the statement of financial position and governmental balance sheet 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.

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 and Capital Reserve Capital Projects 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.

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 1997 the registered voters approved a ballot resolution authorizing the District to collect, retain and expend (during 1995 and beyond) all revenues from any source provided that no property tax mill levy be increased or any new tax imposed 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 and federal funds). As of June 30, 2019, the District reserved \$600,789 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.

Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2018 property tax calendar for Las Animas was as follows:

Levy Date	December 15, 2018
Lien Date	January 1, 2019
Tax Bills Mailed	January 1, 2019
First Installment Date	February 28, 2019
Second Installment Date	June 15, 2019
If Paid in Full, Due	April 30, 2019
Tax Sale – 2018 Delinquent Property Taxes	October 25, 2019

Compensated Absences

The District has policies regarding vacation and sick pay benefits and the payment of accumulated amounts at separation from service. After 10 years of service and termination for reasons other than retirement, payment will be made for unused leave up to 12 days based on the average daily rate paid to the employee during their last 5 years. Employees eligible for retirement will be paid ¼ of unused leave not to exceed 30 days at the average daily rate paid them during their last 5 years.

A summary of changes in compensated absences is as follows:

Balance			Balance
<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
<u>\$44,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$44,188</u>

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.

Interest Expense

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

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 listed below.

1. Nonspendable such as fund balances 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 is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
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.

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.

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 resource 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.

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 Business Manager 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, Debt Service Funds and Capital Project Funds.
6. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis consistent with generally accepted

accounting principles (GAAP). Budgets have been adopted for Agency Funds.

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

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

Note 4 Cash and Investments

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 102 percent of the uninsured deposits.

At June 30, 2019, the District's carrying balance were as follows:

	Carrying Balance
Insured Deposits (FDIC)	\$ 250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	3,402,904
Cash Equivalent	725,994
Cash with County Treasurer	35,598
Cash on Hand	875
Total Cash and Deposits	<u>\$ 4,415,371</u>

Note 5 Capital Assets

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Non-depreciable Assets:				
Land	\$ 77,029	\$ -	\$ -	\$ 77,029
Construction in progress	501,348	50,000	(501,348)	50,000
Total	<u>578,377</u>	<u>50,000</u>	<u>(501,348)</u>	<u>127,029</u>
Depreciable Assets:				
Buildings	14,741,772	806,614	(1,831,682)	13,716,704
Site Improvements	484,725	975,068	501,348	1,961,141
Vehicles	572,706	249,943	(249,943)	572,706
Equipment	543,281	71,452	1,450,800	2,065,533
Food Service Equipment	91,778	18,547	(32,055)	78,270
Total	<u>16,434,262</u>	<u>2,121,624</u>	<u>(161,532)</u>	<u>18,521,383</u>
Less: Accumulated				
Depreciation				
Buildings	(6,325,835)	(455,197)	(4,350)	(6,785,382)
Site Improvements	(349,407)	(17,563)	-	(366,970)
Vehicles	(510,121)	(49,153)	-	(59,274)
Equipment	(19,508)	(25,704)	(2,500)	(247,712)
Food Service Equipment	(82,741)	(5,218)	49,189	(38,770)
Total	<u>(7,487,612)</u>	<u>(552,835)</u>	<u>42,339</u>	<u>(7,995,660)</u>
Total Capital Assets	<u>\$ 9,525,027</u>	<u>\$ 1,618,789</u>	<u>\$ (618,093)</u>	<u>\$ 10,525,723</u>

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

Instruction	\$ 472,760
Operation and Maintenance	25,704
Transportation	49,153
Food Service	5,218
Total Depreciation Expense	<u>\$ 552,835</u>

Note 6 Interfund Transactions

	Due From Other Funds	Due To Other Funds
General Fund	\$ 34,850	\$ -
Food Service Fund	-	34,850
	<u>\$ 34,850</u>	<u>\$ 34,850</u>

All interfund due to/from amount were accumulated in the normal course of operation and represent amount paid or settled between the General Fund and other operating funds of the District. All are expected to be repaid in the upcoming period.

	Transfers to Other Funds	Transfers From Other Funds
General Fund	\$ 600,000	\$ -
Capital Reserve – Capital Projects Fund	-	600,000
	<u>\$ 600,000</u>	<u>\$ 600,000</u>

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

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, at June 30, 2019, are estimated to be \$397,608 and have been budgeted for payment during the following fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

Note 8 Pension Plan

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

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

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- 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 base 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, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S.

Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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 benefit is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2019: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8 percent of their PERA-includable salary during the period of July 1, 2018 through June 30, 2019. Employer contribution requirements are summarized in the table below:

	<u>For the Year Ended December 31, 2018</u>
Employer contribution rate	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)%
Amount apportioned to the SCHDTF	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total Employer contribution rate to the SCHDTF	<u>19.13%</u>

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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$501,401 for the year ended June 30, 2019.

As specified C.R.S. 24-51-413, the State is required to contribute \$225 million each year to PERA starting July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual

payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocation to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

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

At June 30, 2019, the District reported a liability of \$8,442,060 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The District proportion of the net pension liability was based on the District's contribution to the SCHDTF for the calendar year 2018 relative to the total contributions of participating employers to the SCHDTF.

At June 30, 2019, the District reported a liability of \$8,442,060 for its proportionate share of the net pension liability that reflected a reduction for the support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of net pension liability	\$ 8,442,060
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,148,462
	<u>\$ 9,590,522</u>

At December 31, 2018, the District's proportion was 0.05 percent, which was approximately the same as its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense adjustment of \$(1,556,569). At June 30, 2019, the District 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	\$ 286,364	\$ -
Changes of assumptions or other inputs	1,575,747	5,250,053
Net difference between projected and actual earnings on pension plan investments	1,143,442	683,297
Total	<u>\$ 3,005,553</u>	<u>\$ 5,933,350</u>

The following represents the District's net amount of the collective deferred outflows of resources and collective deferred inflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

For the Plan Year Ended December 31,	Amounts Reported as Collective Deferred Outflows and Collective Deferred Inflows of Resources Recognized in Collective Pension Expense as Follows:
2019	(694,293)
2020	(3,557,613)
2021	(2,417,043)
2022	527,953
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 – 9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	4.78%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00% compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

The discount rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25 percent as described below.

The actuarial assumptions used in the December 31, 2017 valuation 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 PERA's Board during the November 18, 2016 Board meeting.

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.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

As of the November 18, 2016 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	<u>100.00%</u>	

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

Discount Rate. The discount rate used to measure the total pension 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:

- 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent 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.
- As specified in law, the State will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 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 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.78 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 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 pension liability	\$10,736,635	\$8,442,060	\$6,519,881

Pension Plan Fiduciary Net Position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description. Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401 (k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report 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.

Note 9

Other Post Employment Benefits

Defined Benefit and Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The District 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 Description. Eligible employees of the District 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 related 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.

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.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$26,734 for the year ended June 30, 2019.

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

At December 31, 2019, the District reported a liability of \$410,870 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The District proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the District's proportion was 0.03 percent, which was approximately the same as its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized OPEB income of \$960. At June 30, 2019, the District 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	\$ 1,856	\$ -
Changes of assumptions or other inputs	3,454	-
Net difference between projected and actual earnings on OPEB plan investments	9,109	(5,550)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	(2,756)	-
Total	<u>\$ 11,663</u>	<u>\$ (5,550)</u>

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	\$ 993
2020	993
2021	994
2022	2,634
2023	480
Thereafter	18

Actuarial Assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25% for 2018, gradually rising to 5.00% in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00%
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 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.

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, 2017, 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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

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.
- Female: 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 RE-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 for PERACare participation were revised to more closely reflect 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 more closely reflect 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
- 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 if 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 more closely reflect actual experience.

The actuarial assumptions used in the December 31, 2017, 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 Trust Fund, 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 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 percent.

Sensitivity of the District's 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	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB liability	\$399,524	\$410,870	\$423,919

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, 2018 measurement date.
- 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 percent.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used 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 established and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the Trust Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension 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 District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Trust Fund's collective net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as 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):

Discount Rate	Sensitivity of the Net OPEB Liability		
	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Net OPEB liability	\$459,728	\$410,870	\$369,101

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.

Note 10 Joint Ventures

Not reflected in the accompanying financial statements is the District's participation in the Santa Fe Trail 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 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 files an audit annually with the Colorado State Auditor's Office.

Note 11 Long-Term Debt

The District has changes in its long-term obligations as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Position
Football Light Lease	\$ 155,960		\$ (76,938)	\$ 79,022	\$ 79,022
Lighting Lease	54,928		(36,106)	18,822	18,822
General Obligation Bonds 2015	795,000		(150,000)	645,000	150,000
Deferred Refunding	(6,439)	6,439		-	-
	<u>\$ 999,449</u>	<u>\$ 6,439</u>	<u>\$ (263,044)</u>	<u>\$ 742,844</u>	<u>\$ 247,844</u>

Lighting Lease

The District entered into a capital lease agreement to improve the lighting in district buildings during the year ended June 30, 2010. The original balance was \$325, 375 and called for quarterly payments of \$8,459 to \$9,575. The interest rate is 4.65 percent.

In 2018, the District purchased football lights by entering into a capital lease arrangement. The amount financed was \$155,960. A payment of \$82,201 per year will be made beginning August 1, 2018. Payments include interest at a rate of 3.95 percent.

Minimum future payments for these leases follow:

Year	Principal		Interest		Payments
	Football Lighting	Light Improvement	Football Lighting	Light Improvement	
2020	\$ 79,022	\$ 18,822	\$ 3,179	\$ 328	\$ 101,351
Less Amounts Representing Interest					(3,507)
Present Value of Future Minimum Payments					<u>\$ 97,844</u>

General Obligation Refunding Series 2015

On September 2, 2015, the District issued \$1,075,000 in General Obligation Refunding Bonds with an average interest rate of 3.1 percent to advance refund \$1,090,000 of outstanding 2002 General Obligation Bonds bearing interest rates ranging from 3.00 percent to 4.75 percent. Refunding proceeds of \$1,105,018 were deposited with an escrow agent to provide debt service payments of \$1,090,000 in principal and \$183,908 in interest on the 2002 Series Bonds. As a result, the portion of 2002 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements.

The District completed the advance refunding to reduce the total debt service payments over the next 7 years by \$77,933 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$99,348.

Below is a schedule of debt service requirements to maturity:

Fiscal Year	Principal	Interest
2020	\$ 155,000	\$ 17,025
2021	155,000	12,375
2022	165,000	7,575
2023	170,000	2,550
Total	<u>\$ 645,000</u>	<u>\$ 39,525</u>

Note 12 Colorado School Districts 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) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Worker's Compensation, and other coverages. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB.

The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contributions are determined by the Pool based on factors including, but not limited to, the adequacy of both Operating and Reserve Funds and other factors touching on the Status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

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 fund from which they were paid.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1 percent. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2019.

Note 13 Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destructions 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 School District RE-1
Budget and Actual
General
For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,215,365	\$ 1,209,789	\$ 1,226,031
SO Taxes	104,438	104,438	109,791
Federal Sources	163,224	-	-
Other Local Sources	276,481	276,481	696,857
State Aid	18,152,370	17,831,169	17,468,089
Earnings on Investments	8,200	8,200	14,045
Donations and grants	336,028	290,300	519,426
Total revenues	<u>20,256,106</u>	<u>19,720,377</u>	<u>20,034,239</u>
EXPENDITURES			
Instructional:			
Instructional Services	15,795,644	15,795,644	15,938,273
Support Services:			
Students	89,235	89,235	95,801
Instructional Staff	201,811	201,811	188,346
District Administration	157,123	157,123	150,685
School Administration	424,751	424,751	97,393
Business	148,743	148,743	136,931
Operations & Maintenance	617,008	617,008	947,446
Transportation	171,578	171,578	131,944
Central	800,653	800,653	595,832
Debt Service:			
Principal	36,106	36,106	36,106
Interest Expense	1,932	1,932	1,932
Capital Outlay	1,097,123	367,923	386,526
Debt Service:			
Principal	-	36,106	36,106
Interest and other charges	-	1,932	1,932
Capital Outlay	367,583	367,583	386,526
Total Expenditures	<u>19,541,707</u>	<u>18,812,507</u>	<u>18,707,215</u>
Excess (deficiency) of revenues over expenditures	<u>714,399</u>	<u>907,870</u>	<u>1,327,024</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	37,100	(646,118)	(600,000)
Total other financing sources and uses	<u>37,100</u>	<u>(646,118)</u>	<u>(600,000)</u>
Net change in fund balances	751,499	261,752	727,024
Fund balances - beginning	1,825,788	2,473,708	2,473,708
Fund balances - ending	<u>\$ 2,577,287</u>	<u>\$ 2,735,460</u>	<u>\$ 3,200,732</u>

Las Animas School District RE-1
Schedule of the District's Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2019

	for the years ended December 31,					
	2018	2017	2016	2015	2014	2013
District's proportion (percentage) of the collective net pension liability	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
District's proportionate share of the collective pension liability	\$ 8,442,060	\$ 17,039,935	\$ 15,618,571	\$ 8,468,936	\$ 7,884,069	\$7,671,728
Payroll	\$ 3,086,216	\$ 2,499,119	\$ 2,382,277	\$ 2,349,848	\$ 2,457,376	\$2,423,132
District's proportionate share of the net pension liability as a percentage of its payroll	274%	682%	656%	360%	321%	317%
Plan fiduciary net pension as a percentage of the total pension liability	57.01%	43.96%	43.13%	59.13%	62.80%	64.06%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Las Animas School District RE-1
Schedule of the District's Proportionate Share of the Net OPEB Liability
For Year Ended June 30, 2019

	for the years ended December 31,		
	2018	2017	2016
District's proportionate share of the collective net pension liability	0.03%	0.03%	0.03%
District's proportionate share of the collective pension liability	\$ 410,870	\$ 389,120	\$ 386,592
Payroll	\$ 3,086,216	\$ 2,499,119	\$ 2,382,277
District's proportionate share of the net pension liability as a percentage of its payroll	13.31%	15.57%	16.23%
Plan fiduciary net pension as a percentage of the total pension liability	17.53%	17.53%	16.37%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Las Animas School District RE-1
Schedule of Pension Contributions and Related Ratios
For Year Ended June 30, 2019

	for the years ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	
Statutory required contributions	\$ 501,401	\$ 471,992	\$ 437,931	\$ 416,702	\$ 414,975	\$ 389,021	\$ 371,082	
Contributions in relation to the statutorily required contribution	\$ 501,401	\$ 471,992	\$ 437,931	\$ 416,702	\$ 414,975	\$ 389,021	\$ 371,082	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
 Payroll	3086216	\$ 2,499,119	\$ 2,382,277	\$ 2,349,848	\$ 2,457,376	\$ 2,433,132	\$ 2,449,484	
Contribution as a percentage of payroll	16.25%	18.89%	18.38%	17.73%	16.89%	15.99%	15.15%	

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Las Animas School District RE-1
Schedule of Contributions and Related Ratios OPEB
For Year Ended June 30, 2019

	for the years ended December 31,		
	2018	2017	2016
Statutory required contributions	\$ 26,734	\$ 25,491	\$ 24,299
Contributions in relation to the statutorily required contribution	26,734	25,491	24,299
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 District's covered payroll	 \$ 3,086,216	 \$ 2,499,119	 \$ 2,382,277
Contribution as a percentage of covered payroll	0.87%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Las Animas School District RE-1
Balance Sheet
Other Governmental Funds
June 30, 2019**

	<u>Food Service</u>	<u>Title I</u>	<u>Total Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 29,874	\$ 13,435	\$ 43,309	\$ 43,309
Other receivables	24,233	22,917	47,150	47,150
Inventories	2,235	-	2,235	2,235
Total assets	56,342	36,352	92,694	92,694
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	18,692	31,371	50,063	50,063
Due to other funds	34,850	-	34,850	34,850
Deferred revenue	-	4,784	4,784	4,784
Total liabilities	53,542	36,155	89,697	89,697
 Fund balances:				
Non-spendable-inventories	2,235	-	2,235	2,235
Committed	565	197	762	762
Total fund balances	2,800	197	2,997	2,997
Total liabilities and fund balances	\$ 56,342	\$ 36,352	\$ 92,694	\$ 92,694

Las Animas School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>Food Service</u>	<u>Title I</u>	<u>Total Special Revenue Funds</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Charges for services	\$ 32,736	\$ -	\$ 32,736	\$ 32,736
Earnings on Investments	360	-	360	360
Federal Aid	234,541	604,743	839,284	839,284
Total revenues	<u>267,637</u>	<u>604,743</u>	<u>872,380</u>	<u>872,380</u>
EXPENDITURES				
Instructional :				
Instructional Services	-	574,124	574,124	574,124
Supporting Services:				
Instructional Staff	-	30,620	30,620	30,620
Food Service	327,534	-	327,534	327,534
Total Expenditures	<u>327,534</u>	<u>604,744</u>	<u>932,278</u>	<u>932,278</u>
Excess (deficiency) of revenues over expenditures	<u>(59,897)</u>	<u>(1)</u>	<u>(59,898)</u>	<u>(59,898)</u>
Net change in fund balances	(59,897)	(1)	(59,898)	(59,898)
Fund balances - beginning	62,697	198	62,895	62,895
Fund balances - ending	<u>\$ 2,800</u>	<u>\$ 197</u>	<u>\$ 2,997</u>	<u>\$ 2,997</u>

**Las Animas School District RE-1
Budget and Actual
Capital Projects Capital Reserves
For the year ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Other Local Sources	\$ -	\$ 34,498	\$ 7,601
State Aid	-	282,674	282,674
Earnings on Investments	900	900	796
Total revenues	<u>900</u>	<u>318,072</u>	<u>291,071</u>
EXPENDITURES			
Debt Service:			
Principle	-	-	76,938
Interest	-	-	5,263
Capital Outlay	<u>1,000,000</u>	<u>1,104,690</u>	<u>1,122,218</u>
Total Expenditures	<u>1,000,000</u>	<u>1,104,690</u>	<u>1,204,419</u>
Excess (deficiency) of revenues over expenditures	<u>(999,100)</u>	<u>(786,618)</u>	<u>(913,348)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>729,200</u>	<u>600,000</u>	<u>600,000</u>
Total other financing sources and uses	<u>729,200</u>	<u>600,000</u>	<u>600,000</u>
Net change in fund balances	(269,900)	(186,618)	(313,348)
Fund balances - beginning	<u>376,341</u>	<u>334,551</u>	<u>334,551</u>
Fund balances - ending	<u>\$ 106,441</u>	<u>\$ 147,933</u>	<u>\$ 21,203</u>

Las Animas School District RE-1
Budget and Actual
Title I
For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal Aid	\$ 584,173	\$ 631,031	\$ 604,743
Total revenues	<u>584,173</u>	<u>631,031</u>	<u>604,743</u>
EXPENDITURES			
Instructional:			
Instructional Services	548,858	595,716	574,124
Supporting Services:			
Instructional Staff	<u>35,315</u>	<u>35,315</u>	<u>30,620</u>
Total Expenditures	<u>584,173</u>	<u>631,031</u>	<u>604,744</u>
Fund balances - beginning	<u>4,580</u>	<u>197</u>	<u>197</u>
Fund balances - ending	<u>\$ 4,580</u>	<u>\$ 197</u>	<u>\$ 196</u>

Las Animas School District RE-1
Budget and Actual
Food Service
For the year ended June 30, 2019

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Charges for services	\$ 34,500	\$ 34,500	\$ 32,736
Investment earnings	280	280	360
National Lunch & Breakfast Programs	255,250	290,155	234,541
Total revenues	<u>290,030</u>	<u>324,935</u>	<u>267,637</u>
EXPENDITURES			
Supporting Services:			
Food Service	<u>339,398</u>	<u>351,889</u>	<u>327,534</u>
Total Expenditures	<u>339,398</u>	<u>351,889</u>	<u>327,534</u>
Excess (deficiency) of revenues over expenditures	<u>(49,368)</u>	<u>(26,954)</u>	<u>(59,897)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>37,100</u>	<u>37,100</u>	<u>-</u>
Total other financing sources and uses	<u>37,100</u>	<u>37,100</u>	<u>-</u>
Net change in fund balances	(12,268)	10,146	(59,897)
Fund balances - beginning	94,343	62,697	62,697
Fund balances - ending	<u>\$ 82,075</u>	<u>\$ 72,843</u>	<u>\$ 2,800</u>

**Las Animas School District RE-1
Budget and Actual
Debt Service
For the year ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 180,600	\$ 140,600	\$ 148,010
SO Taxes	18,000	18,000	14,720
Earnings on Investments	2,000	2,000	16,219
Total revenues	<u>200,600</u>	<u>160,600</u>	<u>178,949</u>
EXPENDITURES			
Support Services:			
Central	1,800	1,800	2,365
Debt Service:			
Principal	150,000	150,000	150,000
Interest and other charges	<u>22,350</u>	<u>22,350</u>	<u>22,350</u>
Total Expenditures	<u>174,150</u>	<u>174,150</u>	<u>174,715</u>
Excess (deficiency) of revenues over expenditures	<u>26,450</u>	<u>(13,550)</u>	<u>4,234</u>
Net change in fund balances	26,450	(13,550)	4,234
Fund balances - beginning	<u>766,039</u>	<u>730,381</u>	<u>730,381</u>
Fund balances - ending	<u>\$ 792,489</u>	<u>\$ 716,831</u>	<u>\$ 734,615</u>



Colorado Department of Education
Auditors Integrity Report
 District: 0290 - Las Animas RE-1
 Fiscal Year 2018-19
 Colorado School District/BOCES

Fund Type & Number	Revenues, Expenditures, & Fund Balance by Fund		1000 - 5999 Total Revenues & Other Sources		0001-0999 Total Expenditures & Other Uses		6700-6799 & Prior Per Adj (6880*) Ending Fund Balance		
	Beg Fund Balance & Prior Per Adj (6880*)	+	Total Revenues & Other Sources	Total Expenditures & Other Uses	Total Expenditures & Other Uses	Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance	
Governmental									
10 General Fund	2,473,708	0	19,256,696	18,540,572	3,189,832	0	0	0	
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0	0	0	0	0	
19 Colorado Preschool Program Fund	0	0	177,543	166,643	10,900	0	0	0	
Sub-Total	2,473,708	0	19,434,239	18,707,214	3,200,732	0	0	0	
11 Charter School Fund	0	0	0	0	0	0	0	0	
20,26-29 Special Revenue Fund	0	0	0	0	0	0	0	0	
06 Supplemental Cap Const. Tech. Main. Fund	0	0	0	0	0	0	0	0	
21 Food Service Spec Revenue Fund	62,697	0	267,637	327,534	2,800	0	0	0	
22 Govt Designated-Purpose Grants Fund	197	0	604,743	604,744	196	0	0	0	
23 Pupil Activity Special Revenue Fund	0	0	0	0	0	0	0	0	
24 Full Day Kindergarten Mill Levy Override	0	0	0	0	0	0	0	0	
25 Transportation Fund	0	0	0	0	0	0	0	0	
31 Bond Redemption Fund	730,381	0	178,949	174,715	734,616	0	0	0	
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0	0	0	0	0	
41 Building Fund	0	0	0	0	0	0	0	0	
42 Special Building Fund	0	0	0	0	0	0	0	0	
43 Capital Reserve Capital Projects Fund	334,551	0	891,072	1,204,419	21,203	0	0	0	
46 Supplemental Cap Const. Tech. Main Fund	0	0	0	0	0	0	0	0	
Totals	3,601,533	0	21,376,640	21,018,626	3,958,540	0	0	0	
Proprietary									
50 Other Enterprise Funds	0	0	0	0	0	0	0	0	
64 (63) Risk-Related Activity Fund	0	0	0	0	0	0	0	0	
60,65-69 Other Internal Service Funds	0	0	0	0	0	0	0	0	
Totals	0	0	0	0	0	0	0	0	
Fiduciary									
70 Other Trust and Agency Funds	0	0	0	0	0	0	0	0	
72 Private Purpose Trust Fund	0	0	0	0	0	0	0	0	
73 Agency Fund	0	0	0	0	0	0	0	0	
74 Pupil Activity Agency Fund	75,433	0	239,401	189,583	125,250	0	0	0	
79 GASB 34-Permanent Fund	0	0	0	0	0	0	0	0	
85 Foundations	0	0	0	0	0	0	0	0	
Totals	75,433	0	239,401	189,583	125,250	0	0	0	
FINAL								125,250	125,250

**Las Animas School District RE-1
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019**

GRANT TITLE	<u>GRANT CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
DEPARTMENT OF AGRICULTURE:				
National School Lunch Program (including any State matching Funds):				
Summer Food Service Program	4559	10.559	8,836	
School Breakfast Program	4553	10.553	87,450	
National School Lunch Program	4555	10.555	<u>136,219</u>	
Total				232,505
 DEPARTMENT OF EDUCATION/ COLORADO DEPARTMENT OF EDUCATION:				
Title VI-B	4027	84.027	241,663	
Title IV Student Support	4424	84.424	21,723	
Title II Part A	4367	84.367	30,801	
Title I, Part A	4010	84.010	<u>533,164</u> *	
				827,351
 STATE COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION SYSTEM				
Carl Perkins Grant	4048	84.048	<u>15,656</u>	
Total				<u>15,656</u>
 TOTAL FEDERAL FINANCIAL AWARDS				 <u><u>\$ 1,075,512</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

*: major program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Las Animas School District RE-1 and is presented on the modified accrual basis of accounting.

Las Animas School District RE-1 does not use the 10% de minimis cost rate.

Las Animas School District RE-1 did not have any sub-recipients for 2018-19.

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*

Board of Education
Las Animas School District RE-1

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Las Animas School District RE-1 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District'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.

rfarmer, llc

January 20, 2020

*r*farmer, llc
a certified public accounting and consulting firm

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Education
Las Animas School District RE-1

Report on Compliance for Each Major Federal Program

We have audited Las Animas School District RE-1's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 the District'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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2019.

Report on Internal Control over Compliance

Management of the District 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 the District'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 the 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 the District'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

rfarmer, llc

January 20, 2020

**Las Animas School District RE-1
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019**

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
unmodified

Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs: unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
CFDA Number(s)	Name of Federal Program or Cluster
84.010	Grants to Local Educational Agencies (LEA)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes