

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY SCHOOL

DISTRICT RE-1

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2020

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
JUNE 30, 2020

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LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
ROSTER OF SCHOOL OFFICIALS
June 30, 2020

BOARD OF EDUCATION

Dan Ruscetti	President
Joe Terry	Vice President
Ed Romero	Treasurer
Karen Montera	Secretary
James Sanchez	Member

SCHOOL OFFICIALS

Bonnie Aaron	Superintendent
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Las Animas County School District Number RE-1, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post employment benefits trend data on pages i through ix and 45 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of Las Animas County School District Number RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Las Animas County School District Number RE-1's internal control over financial reporting and compliance.

Dixon, Waller & Co., Inc.

December 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Trinidad School District #1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

Las Animas County School District RE-1 (Trinidad School District 1) is located in southern Colorado along the I-25 corridor. This district has a funded pupil count of 1,022.5 based on three-year state averaging as of October 1, 2019 compared to 1,025.3 the prior year.

FINANCIAL HIGHLIGHTS

Funding from the Public School Finance Act totaled \$9,093,084 for 2019-2020 compared to \$8,834,479 the prior year. Public School Finance Act funding increased by \$258,605 due to an increase in per pupil funding offset by a decrease in enrollment by 2.8 students. Public School Finance Act funding makes up 79% of the District's governmental fund revenue reported on the Fund Financial Statements. The state share exclusive of property taxes collected at the local level is \$7,295,451 for 2019-2020 compared to \$7,106,615 the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- 1) Districtwide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

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

Districtwide Financial Statements

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

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

cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

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

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

Business Type Activities-For the current fiscal year, the District has no business type activities.

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

Fund Financial Statements

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

- Governmental
- Proprietary
- Fiduciary

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

Because the focus of governmental funds is narrower than districtwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the districtwide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund Balance Sheet and the Statement of Reserves, Expenditures and Changes in Fund Balance.

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of data provided in the districtwide and fund financial statements.

Required Supplementary Information

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

DISTRICTWIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Comparative data for the 2019-2020 and 2018-2019 fiscal years are presented below:

	June 30, 2020	June 30, 2019	Net Change
Assets			
Current and other	15,586,618	4,429,815	11,156,803
Capital (net)	9,427,983	6,792,691	2,635,292
Total Assets	25,014,601	11,222,506	13,792,095
Deferred Outflow of Resources			
Deferred Refunding	1,596	6,323	(4,727)
Deferred Pension	2,953,547	6,664,347	(3,710,800)
Other Post Employment Benefits	43,883	40,629	3,254
Total Deferred Outflow of Resources	2,999,026	6,711,299	(3,712,273)
Liabilities			
Current	3,717,242	1,198,297	2,518,945
Non-current (debt)	24,095,820	20,624,930	3,470,890
Total Liabilities	27,813,062	21,823,227	5,989,835
Deferred Inflow of Resources			
Deferred Pension	13,712,905	17,504,655	(3,791,750)
Other Post Employment Benefits	285,395	102,023	183,372
Total Deferred Inflow of Resources	13,998,300	17,606,678	(3,608,378)
Net Position			
Net Investment in Capital Assets	8,319,937	4,828,655	3,491,282
Restricted	9,070,290	1,234,180	7,836,110
Unrestricted	(31,187,962)	(27,558,935)	(3,629,027)
Total Net Position	(13,797,735)	(21,496,100)	7,698,365

Highlights from the Statement of Net Position

- Current assets increased by \$11,156,803 primarily due to increases in grants and CARES Act stimulus funds.
- Capital assets increased \$2,635,292.
- Current liabilities increased \$2,518,945.

- Noncurrent liabilities increased \$3,470,890 due mainly to the issuance of \$7,345,000 in General Obligation Debt, the \$1,419,606 unamortized premium associated with that issuance and the reduction in the Pension and OPEB liabilities of \$4,616,486.
- Deferred outflow of resources decreased \$3,712,273 while deferred inflows decreased \$3,608,378 resulting in a decrease of \$103,895 to the District's net position.

Statement of Activities

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

Highlights from the Statement of Activities

- Net position increased \$7,559,010 during 2019-2020 compared to \$4,121,787 the prior year due primarily to the District's share of PERA pension and other post-employment benefit costs and capital grants.
- Revenues increased \$4,250,766 primarily due to an increase in capital grants/contributions as well as changes in pension & OPEB.
- Expenditures increased \$813,543 as a result of increased interest and debt issue cost along with higher operational requirements.

	June 30, 2020	June 30, 2019	Net Change
PROGRAM REVENUES			
Charges for Services	124,323	197,290	(72,967)
Operating Grants/Contributions	2,062,797	1,729,982	332,815
Capital Grants/Contributions	2,182,210	0	2,182,210
GENERAL REVENUES			
Property Taxes	2,177,685	1,887,544	290,141
Specific Ownership Tax	387,704	413,262	(25,558)
State Equalization	7,295,451	7,160,899	134,552
Earnings on Investment	60,572	23,930	36,642
Other Revenues	47,305	106,623	(59,318)
Changes in Pension & OPEB	4,517,318	3,085,069	1,432,249
Gain on Sale of Assets			
TRANSFERS			
Total Revenue & Transfers	18,855,365	14,604,599	4,250,766
EXPENDITURES			
INSTRUCTION	5,664,529	5,428,422	236,107
SUPPORT SERVICES			
Students	792,555	674,387	118,168
Instructional Staff	347,986	201,248	146,738
District Administration	315,837	274,242	41,595
School Administration	784,504	776,403	8,101
Business	274,787	262,804	11,983
Maintenance & Operations	1,266,631	1,279,517	(12,886)
Transportation	284,472	270,648	13,824
Central Support	607,648	604,010	3,638
Food Service	533,221	621,454	(88,233)
Other Support	47,760	46,157	1,603
Capital Outlay	118	0	118
Debt Issue Cost	129,900	0	129,900
Interest on Long Term Debt	246,407	43,520	202,887
Pension and OPEB Cost	0	0	0
Total Expenditures/Expense	11,296,355	10,482,812	813,543
Change in Net Position	7,559,010	4,121,787	3,437,223
Net Position-Beginning (Restated)	(21,356,745)	(25,617,887)	4,261,142
Net Position-Ending	(13,797,735)	(21,496,100)	7,698,365

GOVERNMENTAL ACTIVITIES

The primary source of operating revenue for the District is the Public School Finance Act whereby the District received per pupil funding of \$8,896 for 2019-2020 compared to \$8,616 the prior year. The District's average funded pupil count for 2019-2020 was 1,022.5 compared to 1025.3 for 2018-2019. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district also receives a significant portion of its revenue from local, state and federal grants. The District uses these sources to fund its programs, related services and service debt.

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

SOURCE OF REVENUE	2019-2020	2018-2019	2019-2020	2018-2019
State Equalization	7,295,451	7,160,899	60%	62%
Property Tax	2,177,685	1,887,544	18%	16%
Specific Ownership Tax	387,704	413,262	3%	4%
Grants	2,062,797	1,729,982	17%	15%
All other	232,200	327,843	2%	3%
	12,155,837	11,519,530	100%	100%
USE OF REVENUE	2019-2020	2018-2019	2019-2020	2018-2019
Instruction	5,664,529	5,428,422	50%	52%
Support Services	5,255,401	5,010,870	47%	48%
Debt Service	376,307	43,520	3%	0%
Capital Outlay	118	-	0%	0%
Other	-	-	0%	0%
	11,296,355	10,482,812	100%	100%

Sources of revenues increased to \$12,155,837 for 2019-2020 compared to \$11,519,530 the prior year.

Use of revenues changed significantly from the prior year due to changes in liabilities, inflows and outflows related to the District's share of PERA pension and other post-employment benefits reported as other expenses. Total use of revenues increased to \$11,296,355 for 2019-2020 compared to \$10,482,812 the prior year. Expenditures for instruction and support services remained relatively consistent over the two years.

The governmental expenditures schedule below shows Total Cost of Service compared to Net Cost of Service after allocating charges for services and grants and contributions to the area of service that generated the revenue. Total costs increased \$813,543, the net cost, without considering capital construction grants, increased \$553,569.

	2019-2020		2018-2019	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional Services	5,664,529	4,741,321	5,428,422	4,387,781
Students	792,555	672,330	674,387	660,817
Instructional Staff	347,986	48,735	201,248	61,419
District Administration	315,837	300,647	274,242	270,046
School Administration	784,504	776,936	776,403	762,150
Business	274,787	267,776	262,804	259,004
Operations and Maintenance	1,266,631	1,030,430	1,279,517	1,240,780
Transportation	284,472	255,639	270,648	171,893
Central	607,648	604,346	604,010	571,428
Food Service	533,221	(13,118)	621,454	81,380
Other	47,760	47,760	46,157	45,322
Capital Outlay	118	(2,182,092)	-	-
Debt Issue Cost	129,900	129,900		
Interest on Long Term Liability	246,407	246,407	43,520	43,520
Pension Cost	0	0	0	0
Total	11,296,355	6,927,017	10,482,812	8,555,540

BUSINESS-TYPE ACTIVITIES

The District did not have any business-type activities in the 2019-2020 fiscal year.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The District owns land with a carrying value of \$712,780 and building and improvements capitalized at \$21,245,269 as of June 30, 2020. Vehicles and equipment totaled \$1,967,974. Food service equipment totaled \$485,894. Construction in progress at year end was \$3,073,525. The net carrying value of capital assets after subtracting accumulated depreciation is \$9,427,983. Depreciation for 2019-2020 totaled \$438,243.

Long-term debt: One June 3, 2010 the District issued \$4,910,000 in General Obligation Refunding Bonds to refinance a portion of the debt originally issued in 2000. Interest rates range from 2.0 % to 4.0 %. In August 2013, the District issued \$1,250,000 in Certificates of Participation with an interest rate of 3%. The proceeds were used to complete major building improvements to reduce energy consumption and the related operating costs. GO Bond Series 2020 was issued with a total of debt issuance of \$7,345,000 balance as of year-end. See note to the financial statements for additional information regarding annual payments under these debt obligations. See note to the financial statements for additional information regarding annual payments under these debt obligations. Additional detail is provided in Note 12 on page(s) 40-42.

BUDGET HIGHLIGHTS

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The district amended its budgets during the year to reflect unexpected increase in revenue and other changes deemed material. Budget presentations include both original and final budgets for the fiscal year. Revenues in the General Fund were \$181,895 more than expected, mainly due to federal grants

received. Expenditures were 9.6% less than the amount budgeted, a favorable variance of \$974,911. This is largely due to decreased expenditures as a result of the March 2020 COVID stay at home order. Student Supporting Services Program was over budget by \$95,393 due to salary and purchased services.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Colorado like other states faces significant economic challenges. The State has reduced its funding commitment to K-12 public education by more than 11% since 2009-2010. For 2012-2013 funding remained flat with base funding the same as the prior year. Although per pupil funding increased for 2013-14, enrollment declined causing a decrease in funding from the School Finance Act. This pattern of declining enrollment continued for the next four years. Funded pupil count decreased in 2014-15 by 70 while per pupil funding increased 7.3%, the first significant increase since 2008. In 2015-2016, the funded pupil count decreased by 61 and per pupil funding increased by 3.9%. This pattern continued into 2017-2018 with funded pupil count decreasing by 44 while per pupil funding increased by 3.1%. In 2018-2019 funded pupil count decreased by 44 while per pupil funding increased by 5.1%. School year 2019-2020 saw a decrease in funded pupil count by 2.8. Per pupil funding increased by 3.1%

The District continues to subsidize the Food Service and Co-Curricular Activities programs. The transfer to cover the cost of food service operations increased to \$89,446 in 2019-2020 compared to \$86,321 in previous year. The transfer to Co-Curricular Activities decreased to \$111,063 in 2019-2020 compared to \$159,182 in the previous year. This decrease in Co-Curricular subsidy is attributed to the COVID Stay-at-Home order in March 2020 thus resulting in the cancellation of co-curricular activities.

The District must proceed with caution in 2020-2021 in light of declining enrollment trend, continued economic uncertainty and certain one-time sources of revenue subject to annual appropriation.

Factors common to all school districts include rising special education costs, requirements of funded and unfunded state and federal mandated programs, increasing costs of salaries and benefits as well as ongoing COVID-19 related expenses make it imperative the District monitor fund balances and cash flows very closely.

Another Challenge the District faces is facility maintenance. There are many improvements to facilities deferred because of the cuts in funding in recent years. Although the statutory capital reserve allocation was eliminated by the State of Colorado, similar funds should continue to be set aside to address these future capital assets. The Moody's rating was lowered to A3 rating because of the trend of declining student enrollment coupled with aging infrastructure.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Trinidad School District #1
612 Park Street
Trinidad, CO 81082
719-846-3324

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Total
<u>ASSETS</u>		
Cash and Equivalents	13,745,391	13,745,391
Accounts Receivable - Net	4,788	4,788
Accrued Revenue	1,606,915	1,606,915
Property Taxes Receivable	205,000	205,000
Inventories	24,524	24,524
Capital Assets	27,485,452	27,485,452
Accumulated Depreciation	(18,057,469)	(18,057,469)
<u>Total Assets</u>	<u>25,014,601</u>	<u>25,014,601</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Refunding	1,596	1,596
Pension	2,953,547	2,953,547
Other Post Employment Benefits	43,883	43,883
<u>Total Deferred Outflows</u>	<u>2,999,026</u>	<u>2,999,026</u>
<u>LIABILITIES</u>		
Accounts Payable	1,918,581	1,918,581
Accrued Salaries and Benefits	873,686	873,686
Grant Amounts Received in Advance	789,084	789,084
Accrued Interest Payable	135,891	135,891
NonCurrent Liabilities:		
Compensated Absences	438,338	438,338
Capital Lease	68,046	68,046
Bond Payments Due Within One Year	520,000	520,000
Bond Due In More Than One Year	7,345,000	7,345,000
Certificates of Participation Due Within One Year	80,000	80,000
Certificates of Participation Due In More Than One Year	650,000	650,000
Net Pension Liability	12,938,551	12,938,551
Net Other Post Employment Benefits Liability	636,279	636,279
Unamortized Bond Premium	1,419,606	1,419,606
<u>Total Liabilities</u>	<u>27,813,062</u>	<u>27,813,062</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	13,712,905	13,712,905
Other Post Employment Benefits	285,395	285,395
<u>Total Deferred Inflows</u>	<u>13,998,300</u>	<u>13,998,300</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	8,319,937	8,319,937
Restricted for:		
TABOR Reserve	375,500	375,500
Capital Outlay	7,578,354	7,578,354
Preschool	11,827	11,827
Food Service	106,382	106,382
Debt Service	998,227	998,227
Unrestricted	(31,187,962)	(31,187,962)
<u>TOTAL NET POSITION</u>	<u>(13,797,735)</u>	<u>(13,797,735)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Net (Expenses) Revenue and Changes in Net Position				
	Program Revenues		Primary Government		
Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Total
FUNCTIONS					
Instructional Services	5,664,529	99,167	824,033	-	(4,741,329)
Supporting Services:					
Students	792,555	-	120,225	-	(672,330)
Instructional Staff	347,986	-	299,251	-	(48,735)
District Administration	315,837	-	15,190	-	(300,647)
School Administration	784,504	-	7,568	-	(776,936)
Business	274,787	-	7,011	-	(267,776)
Operation & Maintenance of Facilities	1,266,631	5,500	230,701	-	(1,030,430)
Transportation	284,472	-	28,833	-	(255,639)
Central Support	607,648	-	3,302	-	(604,346)
Food Service	533,221	19,656	526,683	-	13,118
Other Support	47,760	-	-	(47,760)	-
Capital Outlay	118	-	2,182,210	-	2,182,092
Debt Issue Cost	129,900	-	-	-	(129,900)
Interest on Long-Term Debt	246,407	-	-	(246,407)	-
Total Governmental Activities	<u>11,296,355</u>	<u>2,062,797</u>	<u>2,182,210</u>	<u>(6,927,025)</u>	<u>(6,927,025)</u>
Total School District	<u>11,296,355</u>	<u>2,062,797</u>	<u>2,182,210</u>	<u>(6,927,025)</u>	<u>(6,927,025)</u>
General Revenues					
Property Taxes Levied for General Purposes				2,177,685	2,177,685
Specific Ownership Taxes				387,704	387,704
Equalization				7,295,451	7,295,451
Earnings on Investments				60,572	60,572
Other Revenues				47,305	47,305
Changes in Pension and OPEB				4,517,318	4,517,318
Total General Revenues and Transfers				<u>14,486,035</u>	<u>14,486,035</u>
Change in Net Position				7,559,010	7,559,010
Net Position, Beginning (as Restated)				(21,356,745)	(21,356,745)
Net Position, Ending				(13,797,735)	(13,797,735)

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Building Capital Project Fund</u>
<u>ASSETS</u>			
Cash and Equivalents	3,419,678	1,180,545	7,998,169
Investments (cash equivalents)	-	-	-
Accounts Receivable	-	-	-
Accrued Revenue	220,342	121,027	1,190,742
Due From Other Funds	527,466	-	66,544
Property Taxes Receivable	154,000	-	-
Inventories	-	-	-
Other	-	-	-
<u>Total Assets</u>	<u>4,321,486</u>	<u>1,301,572</u>	<u>9,255,455</u>
<u>LIABILITIES:</u>			
Accounts Payable	227,746	6,811	1,677,101
Accrued Salaries and Benefits	814,434	41,720	-
Due To Other Funds	82,077	527,466	-
Deposits Held	-	-	-
Grant Amounts Received in Advance	63,509	725,575	-
<u>Total Liabilities</u>	<u>1,187,766</u>	<u>1,301,572</u>	<u>1,677,101</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	65,911	-	-
<u>FUND BALANCES:</u>			
Nonspendable:			
Inventories	-	-	-
Restricted:			
Emergency Reserve	375,500	-	-
Capital Outlay	-	-	7,578,354
Food Service	-	-	-
Preschool	11,827	-	-
Debt Service	-	-	-
Committed:			
Scholarships	38,604	-	-
Assigned:			
Student Activities	-	-	-
Unassigned	2,641,878	-	-
<u>Total Fund Balances</u>	<u>3,067,809</u>	<u>-</u>	<u>7,578,354</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
	<u>4,321,486</u>	<u>1,301,572</u>	<u>9,255,455</u>

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

<u>Debt Service Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
967,835	179,164	13,745,391
-	-	-
-	4,788	4,788
-	74,804	1,606,915
-	15,533	609,543
51,000	-	205,000
-	-	24,524
-	<u>24,524</u>	-
<u>1,018,835</u>	<u>298,813</u>	<u>16,196,161</u>
-	6,923	1,918,581
-	17,532	873,686
-	-	609,543
-	-	-
-	-	<u>789,084</u>
-	<u>24,455</u>	<u>4,190,894</u>
<u>20,608</u>	-	<u>86,519</u>
-	24,524	24,524
-	-	375,500
-	-	7,578,354
-	106,382	106,382
-	-	11,827
998,227	-	998,227
-	-	38,604
-	143,452	143,452
-	-	<u>2,641,878</u>
<u>998,227</u>	<u>274,358</u>	<u>11,918,748</u>
<u>1,018,835</u>	<u>298,813</u>	<u>16,196,161</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

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

<u>Total Fund Balance – Governmental Funds</u>	11,918,748
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$27,485,452 and the accumulated depreciation is \$18,057,469.	9,427,983
Property tax revenue is recognized when earned (claim to resources established) rather than when “available.”	86,519
Interest is recognized when paid in the funds. This is accrued interest payable to year end.	(135,891)
Discounts and premiums on bonds sold are capitalized in the entity wide statements. These are unamortized amounts of original issue premiums and discounts at year end.	
Premium	(1,419,606)
Long-term liabilities, including leases, certificates of participation and general obligation bonds are not due and payable in the current period and therefore are not reported in the funds.	(8,663,046)
Amounts deferred on debt refundings are recognized as a deferred outflow in the entity wide financial statements.	1,596
Compensated absences are not reported as a liability in the funds.	(438,338)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(12,938,551)
Net Other Post Employment Benefits Liability	(636,279)
Deferred Outflows	2,997,430
Deferred Inflows	<u>(13,998,300)</u>
 <u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	 <u>(13,797,735)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Building Capital Project Fund</u>
REVENUES			
Property Taxes	1,588,116	-	-
Specific Ownership Taxes	387,704	-	-
Earnings on Investments	12,937	-	38,925
Other Local Sources	151,892	109,945	-
State Aid	7,747,799	72,103	2,182,210
Federal Aid	220,342	556,152	-
<u>Total Revenues</u>	<u>10,108,790</u>	<u>738,200</u>	<u>2,221,135</u>
EXPENDITURES			
Current:			
Instructional Services	4,743,198	422,001	-
Supporting Services:			
Students	676,283	13,646	-
Instructional Staff	48,735	299,251	-
District Administration	297,429	-	-
School Administration	784,849	-	-
Business	274,787	-	-
Operation & Maintenance of Facilities	1,269,371	-	-
Transportation	266,292	-	-
Food Service	-	-	-
Community	-	3,302	-
Central	642,212	-	-
Other	-	-	-
Debt Service:			
Principal	145,989	-	-
Interest	29,971	-	-
Capital Outlay	-	-	3,073,653
<u>Total Expenditures</u>	<u>9,179,116</u>	<u>738,200</u>	<u>3,073,653</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>929,674</u>	<u>-</u>	<u>(852,518)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(149,239)	-	14,288
Proceeds of General Obligation Debt	-	-	8,546,484
Bond Issue Cost	-	-	(129,900)
<u>Total Other Financing Sources (Uses)</u>	<u>(149,239)</u>	<u>-</u>	<u>8,430,872</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>780,435</u>	<u>-</u>	<u>7,578,354</u>
<u>FUND BALANCES – BEGINNING (as Restated)</u>	<u>2,287,374</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES – ENDING</u>	<u>3,067,809</u>	<u>-</u>	<u>7,578,354</u>

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

<u>Debt Service Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
547,411	-	2,135,527
-	-	387,704
6,840	1,870	60,572
2,798	142,162	406,797
-	7,992	10,010,104
-	<u>518,691</u>	<u>1,295,185</u>
<u>557,049</u>	<u>670,715</u>	<u>14,295,889</u>
-	131,379	5,296,578
-	102,626	792,555
-	-	347,986
-	-	297,429
-	-	784,849
-	-	274,787
-	-	1,269,371
-	-	266,292
-	529,828	529,828
-	-	3,302
819	-	643,031
-	-	-
500,000	-	645,989
126,080	-	156,051
-	-	<u>3,073,653</u>
<u>626,899</u>	<u>763,833</u>	<u>14,381,701</u>
<u>(69,850)</u>	<u>(93,118)</u>	<u>(85,812)</u>
-	134,951	-
254,080	-	8,800,564
-	-	<u>(129,900)</u>
<u>254,080</u>	<u>134,951</u>	<u>8,670,664</u>
184,230	41,833	8,584,852
<u>813,997</u>	<u>232,525</u>	<u>3,333,896</u>
<u>998,227</u>	<u>274,358</u>	<u>11,918,748</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>		8,584,852
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more the \$5,000 are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays more than \$5,000	3,073,535	
Depreciation Expense	<u>(438,243)</u>	2,635,292
<p>Property tax revenues are not recognized for amounts levied and due but not “available” at year end and are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities.</p>		
		42,158
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:</p>		
Repayment of Debt Principal	645,990	
Debt Proceeds	(8,800,564)	
Premium Amortization	42,877	
Amortization of Deferred Refunding	(4,727)	
Interest Expense	<u>(128,507)</u>	(8,244,931)
<p>Compensated absences change in the period based on amounts earned or paid.</p>		
Net change in compensated absences		24,321
<p>The increase or decrease in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities, are not recorded at the fund level:</p>		
Pension Cost	4,467,043	
Other Post Employment Benefits Cost	<u>50,275</u>	<u>4,517,318</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>7,559,010</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

• Major Governmental Funds

1. General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.
3. Designated Purpose Grants - Special Revenue Fund – used to account for restricted state and federal grants including, but not limited to, Every Student Succeeds Act programs which must be expended as designated by the grantor agency.
4. Capital Project – Building Fund – used to account for the cost of capital projects funded by debt, grants and other resources.

E. Cash and Investments

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Property taxes levied in 2019 but uncollected in 2020 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2020 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

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

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

H. Capital Assets

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

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

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

I. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources (Continued)

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

J. Long-Term Obligations

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

K. Constitutional Amendment

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

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2020 the District reserved \$375,500 for this purpose.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2019 property tax calendar for Las Animas County was as follows:

Levy Date	December 15, 2019
Lien Date	January 1, 2020
Tax Bills Mailed	January 1, 2020
First Installment Due	February 28, 2020
Second Installment Due	June 15, 2020
If Paid in Full, Due	April 29, 2020
Tax Sale – 2018 Delinquent Property Taxes	October 25, 2019

M. Compensated Absences

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

The compensated absence liability is reported in the governmental activity column of the government-wide financial statements. For the governmental fund financial statements, the recognition of this liability is limited to the amount expected to be paid using expendable available resources.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Government Funds	462,659	-	24,321	438,338
Total	462,659	-	24,321	438,338

N. Use of Estimates

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interest Expense

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

P. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>							
Inventories	-	-	-	-	24,524	-	24,524
<u>Restricted:</u>							
Emergencies	375,500	-	-	-	-	-	375,500
Preschool	11,827	-	-	-	-	-	11,827
Capital Outlay	-	-	-	7,578,354	-	-	7,578,354
Debt Service	-	-	998,227	-	-	-	998,227
Food Service	-	-	-	-	106,382	-	106,382
<u>Committed:</u>							
Scholarships	38,604	-	-	-	-	-	38,604
<u>Assigned:</u>							
Pupil Activities	-	-	-	-	-	143,452	143,452
<u>Unassigned</u>	<u>2,641,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,641,878</u>
<u>Total Fund Balances</u>	<u>3,067,809</u>	<u>-</u>	<u>998,227</u>	<u>7,578,354</u>	<u>130,906</u>	<u>143,452</u>	<u>11,918,748</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

	<u>Transfers In (Out)</u>	<u>Due (To) From</u>
General Fund	(149,239)	445,389
Student Activities – Special Revenue Fund	111,063	-
Food Service – Special Revenue Fund	23,888	15,533
Designated Purpose Grant Fund	-	(527,466)
Bond Redemption Fund	-	-
Building Fund	14,288	66,544
	-	-

NOTE 3 BUDGETARY INFORMATION

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

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

1. Prior to June 1, the Chief Financial Officer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project and Debt Service Funds.
6. Budgets for the General, Special Revenue, Capital Project and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 3 BUDGETARY INFORMATION (Continued)

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

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

NOTE 4 CASH AND EQUIVALENTS

Deposits

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

Cash equivalents consist of amounts held in CSAFE, a Colorado local government investment pool, and a UMB Bond Redemption custodial fund.

At June 30, 2020, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	750,000	750,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	3,930,817	4,251,373
Cash Equivalents	8,913,881	-
Cash with County Treasurer	149,093	-
Cash on Hand	<u>1,600</u>	<u>-</u>
<u>Total Cash and Equivalents</u>	<u>13,745,391</u>	<u>5,001,373</u>

As presented above, deposits with a bank balance of \$4,251,373 and a carrying balance of \$3,930,817 as of June 30, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Governmental Activities</u>				
<u>Non-Depreciable Assets:</u>				
Land	712,780	-	-	712,780
Construction in Progress	-	<u>3,073,535</u>	-	<u>3,073,535</u>
<u>Total Non-Depreciable Assets</u>	<u>712,780</u>	<u>3,073,535</u>	-	<u>3,786,315</u>
<u>Depreciable Assets:</u>				
Buildings	19,603,383	-	-	19,603,383
Site Improvements	1,641,886	-	-	1,641,886
Vehicles	1,198,328	-	-	1,198,328
Equipment	769,646	-	-	769,646
Food Service	<u>485,894</u>	-	-	<u>485,894</u>
<u>Total Depreciable Assets</u>	<u>23,699,137</u>	-	-	<u>23,699,137</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Buildings	14,418,244	312,291	-	14,730,535
Site Improvements	1,120,807	64,596	-	1,185,403
Vehicles	1,123,133	18,180	-	1,141,313
Equipment	557,764	31,838	-	589,602
Food Service	<u>399,278</u>	<u>11,338</u>	-	<u>410,616</u>
<u>Total Accumulated Depreciation</u>	<u>17,619,226</u>	<u>438,243</u>	-	<u>18,057,469</u>
<u>Total Capital Assets, Net</u>	<u>6,792,691</u>	<u>2,635,292</u>	-	<u>9,427,983</u>

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

<u>Governmental Activities:</u>	
Instruction	392,791
Operations and Maintenance	6,859
Transportation	18,180
Central Support	9,075
Food Service	<u>11,338</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>438,243</u>

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable in the Food Service Fund represent requests made to the Colorado Department of Education for reimbursable meals served by June 30, 2020 and amounts due from local sources for meals served.

NOTE 7 ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, are estimated to be \$873,686 and will be paid during the 2020-2021 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 8 PENSION PLAN

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Las Animas County School District Number RE-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

General Information about the Pension Plan

Plan description. Eligible employees of the Las Animas County School District Number RE-1 are provided with pensions through the 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 (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2019. 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.

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

June 30, 2020

NOTE 8 PENSION PLAN (Continued)

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the 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.

Contribution provisions as of June 30, 2020: Eligible employees, Las Animas County School District Number RE-1 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 PENSION PLAN (Continued)

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
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	9.38%
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	19.38%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on 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 allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Las Animas County School District Number RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Las Animas County School District Number RE-1 were \$983,369 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Las Animas County School District Number RE-1 proportion of the net pension liability was based on Las Animas County School District Number RE-1 contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 PENSION PLAN (Continued)

At June 30, 2020, the Las Animas County School District Number RE-1 reported a liability of \$12,938,551 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Las Animas County School District Number RE-1 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 Las Animas County School District Number RE-1 were as follows:

Las Animas County School District Number RE-1 proportionate share of the net pension liability	\$ 12,938,551
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Las Animas County School District Number RE-1	\$ 1,641,088
Total	\$ 14,579,639

At December 31, 2019, the Las Animas County School District Number RE-1 proportion was 0.087 percent, which was a decrease of 0.011 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Las Animas County School District Number RE-1 recognized pension income of \$4,467,043 and revenue of \$124,297 for support from the State as a nonemployer contributing entity. At June 30, 2020, the Las Animas County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	705,160	-
Changes of assumptions or other inputs	369,376	(5,868,804)
Net difference between projected and actual earnings on pension plan investments	1,380,298	(2,912,998)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(4,931,103)
Contributions subsequent to the measurement date	498,713	N/A
Total	2,953,547	(13,712,905)

\$498,713 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2020	
2021	(6,149,203)
2022	(4,245,568)
2023	(341,921)
2024	(521,379)
2025	-
Thereafter	-

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

June 30, 2020

NOTE 8 PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)*	Financed by the Annual Increase Reserve

*For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions 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 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The actuarial assumptions used in the December 31, 2018, 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 the PERA Board during the November 18, 2016, Board meeting.

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 **PENSION PLAN (Continued)**

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 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.

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 the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 PENSION PLAN (Continued)

- 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 reflect 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 provides an annual direct distribution of \$225 million, which commenced 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- 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 rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Las Animas County School District Number RE-1 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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:

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	17,159,288	12,938,551	9,394,874

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2020, program members contributed \$16,811.

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

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

June 30, 2020

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Plan description. Eligible employees of the Las Animas County School District Number RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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 Las Animas County School District Number RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Las Animas County School District Number RE-1 were \$51,756 for the year ended June 30, 2020.

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

At June 30, 2020, the Las Animas County School District Number RE-1 reported a liability of \$636,279 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Las Animas County School District Number RE-1 proportion of the net OPEB liability was based on Las Animas County School District Number RE-1 contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2019, the Las Animas County School District Number RE-1 proportion was 0.057 percent, which was a decrease of 0.007 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Las Animas County School District Number RE-1 recognized OPEB income of \$50,275. At June 30, 2020, the Las Animas County School District Number RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	2,111	(106,918)
Changes of assumptions or other inputs	5,279	-
Net difference between projected and actual earnings on OPEB plan investments	10,244	(20,865)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(159,612)
Contributions subsequent to the measurement date	26,249	N/A
Total	43,883	(285,395)

\$26,249 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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, 2020	
2021	(59,398)
2022	(59,397)
2023	(56,322)
2024	(53,716)
2025	(36,753)
Thereafter	(2,175)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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

Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The actuarial assumptions used in the December 31, 2018, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	\$605	\$237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	\$571

All costs are subject to the health care cost trend rates, as discussed below.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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 long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	621,164	636,279	653,745

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, 2019, measurement date.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	719,441	636,279	565,157

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 JOINT VENTURES

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

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rata basis determined by the BOCES board. The joint venture summary audited financial information for the year ended June 30, 2019, is as follows:

Assets and Deferred Outflows	4,793,274
Liabilities and Deferred Inflows	<u>13,437,640</u>
Net Position	<u>(8,644,366)</u>
Revenues	3,408,328
Expenses	<u>2,431,441</u>
Change in Net Position	<u>976,887</u>

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

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (continued)

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2020.

An audited summary of the Colorado School District's Pool financial information for the year ended June 30, 2019 (latest information available) follows:

Total Assets	<u>48,583,211</u>
Total Liabilities	<u>26,773,438</u>
Total Equity	<u>21,809,773</u>
Revenue	19,817,153
Underwriting Expenses	<u>26,652,902</u>
Underwriting Gain (Loss)	(6,835,749)
Net Investment Income	865,849
Other Income	-
Net Income (Loss) Before Dividend	<u>(5,969,900)</u>
Dividend	-
Net Income	<u>(5,969,900)</u>
Change in Non Admitted Assets	<u>156,358</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>21,809,773</u>

NOTE 12 LONG-TERM OBLIGATIONS

General Obligation Refunding Series 2010

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 12 LONG-TERM OBLIGATIONS (continued)

Below is a schedule of debt service requirements to maturity:

2010 Refunding Issue

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	<u>520,000</u>	<u>10,400</u>
	<u>520,000</u>	<u>10,400</u>

Early Retirement Incentives

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

<u>Audit Year End June 30</u>	<u>Long Term Liability</u>
2020	<u>-0-</u>

Series 2013 Certificates of Participation

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	80,000	21,900
2022	85,000	19,500
2023	85,000	16,950
2024	90,000	14,400
2025	95,000	11,700
2026	95,000	8,850
2027	100,000	6,000
2028	<u>100,000</u>	<u>3,000</u>
	<u>730,000</u>	<u>102,300</u>

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 12 LONG-TERM OBLIGATIONS (continued)

Series 2020 General Obligation Bonds

The District issued G.O. Bonds in the amount of \$7,345,000 in January of 2020. Interest on the bonds is 5% on maturities through 2028 and 4% on bonds maturing thereafter. Proceeds of this issue were provided to satisfy the \$4,509,402 cash match requirement of a Building Excellent Schools Today (BEST) capital construction grant of \$11,040,261 and to fund additional capital requirements of the District.

Below is a schedule of debt service requirements to maturity (bonds maturing on or after December 1, 2030 are subject to redemption at the discretion of the District after December 1, 2029):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	-	317,600
2022	250,000	311,350
2023	260,000	298,600
2024	275,000	285,225
2025	290,000	271,100
2026-2030	1,675,000	1,120,225
2031-2035	2,070,000	718,400
2036-2040	<u>2,525,100</u>	<u>260,500</u>
	<u>7,345,000</u>	<u>3,583,000</u>

Changes in Long-Term Debt (Fiscal Year ended June 30, 2020)

<u>Changes in Long-Term Debt</u>	<u>Beginning Balance 7-1-2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance 6-30-2020</u>	<u>Current Portion</u>
COP's	810,000	-	80,000	730,000	80,000
G.O. Bonds	-	7,345,000	-	7,345,000	-
G.O. Refunding Bonds	1,020,000	-	500,000	520,000	520,000
Deferred Refunding – G.O. Bond	<u>(6,323)</u>	<u>-</u>	<u>(4,727)</u>	<u>(1,596)</u>	
<u>Total</u>	<u>1,823,677</u>	<u>7,345,000</u>	<u>575,273</u>	<u>8,593,404</u>	

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 CAPITAL LEASES

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

Future minimum payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 (Paid in 2020)	-	-	-
2022	33,762	1,053	34,815
2023	34,284	531	34,815
	<u>68,046</u>	<u>1,584</u>	<u>69,630</u>
Less: Amounts representing interest			<u>1,584</u>
Net Present Value of Future Minimum Payments			<u>68,046</u>

NOTE 14 RISK MANAGEMENT

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

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

NOTE 15 INTERFUND BALANCES

	<u>Amounts Due From Other Funds</u>	<u>Amounts Due To Other Funds</u>
General Fund	527,466	82,077
Designated Purpose Grants Fund	-	527,466
Food Service Fund	15,533	-
Bond Redemption Fund	-	-
Building Fund	66,544	-
	<u>609,543</u>	<u>609,543</u>

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

	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	149,239	-
Student Activity Special Revenue Fund - Nonmajor	-	111,063
Food Service Special Revenue Fund – Nonmajor	-	23,888
Building Fund	-	14,288
	<u>149,239</u>	<u>149,239</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2020

NOTE 16 CHANGE IN ACCOUNTING FOR STUDENT ACTIVITY FUND

In prior years, student activities had been recorded as a special revenue fund for athletics and other co-curricular programs and as a fiduciary fund for clubs and organizations. Beginning July 1, 2019, the District accounts for all student activities in a Special Revenue Fund. The beginning fund balance for the Student Activity Special Revenue Fund at July 1, 2019, was \$142,044. That amount includes the reclassified equity of the fiduciary funds at June 30, 2019. The beginning net position of governmental activities has been increased by that same amount.

	<u>Net Position</u>	<u>Fund Balance – Governmental Funds</u>
Balance at June 30, 2019	(21,496,100)	3,194,541
Change for Student Activity	<u>139,355</u>	<u>139,355</u>
Beginning Balance, as Restated	<u>(21,356,745)</u>	<u>3,333,896</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET INFORMATION

General Fund

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

Special Revenue Funds

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

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

Pension Trend Data

Other Post Employment Benefits Trend Data

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	1,575,424	1,575,424	1,588,116	12,692
Specific Ownership Taxes	307,208	307,208	387,704	80,496
Earnings on Investments	4,000	4,000	12,937	8,937
Delinquent Taxes & Interest	26,272	26,272	7,476	(18,796)
Other	128,073	128,073	144,416	16,343
<u>State Sources</u>				
Equalization	7,304,825	7,304,825	7,295,451	(9,374)
Transportation	64,784	64,784	23,450	(41,334)
Vocational Education	56,940	56,940	53,739	(3,201)
Special Education	229,293	229,293	-	(229,293)
Other	230,076	230,076	375,159	145,083
<u>Federal Sources</u>				
Designated Purpose Grants	-	-	220,342	220,342
Other	-	-	-	-
<u>TOTAL REVENUES</u>	<u>9,926,895</u>	<u>9,926,895</u>	<u>10,108,790</u>	<u>181,895</u>
 <u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
Salaries	2,862,732	2,862,732	2,932,899	(70,167)
Employee Benefits	814,733	814,733	928,113	(113,380)
Purchased Services - Professional	5,150	5,150	34,314	(29,164)
Purchased Services – Property	1,800	1,800	1,633	167
Purchased Services – Other	808,550	808,550	678,320	130,230
Supplies and Materials	200,515	200,515	144,523	55,992
Property	3,050	3,050	3,141	(91)
Other Objects	17,000	17,000	20,255	(3,255)
<u>Total Instruction</u>	<u>4,713,530</u>	<u>4,713,530</u>	<u>4,743,198</u>	<u>(29,668)</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	429,803	429,803	406,630	23,173
Employee Benefits	133,573	133,573	135,829	(2,256)
Purchased Services – Professional	1,500	1,500	240	1,260
Purchased Services – Property	-	-	-	-
Purchased Services – Other	204,800	204,800	132,677	72,123
Supplies and Materials	1,000	1,000	768	232
Property	1,000	1,000	139	861
Other Objects	-	-	-	-
<u>Total Student Supporting Services</u>	<u>771,676</u>	<u>771,676</u>	<u>676,283</u>	<u>95,393</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	12,506	12,506	29,949	(17,443)
Benefits	8,991	8,991	13,679	(4,688)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	886	886	1,188	(302)
Supplies and Materials	-	-	3,919	(3,919)
<u>Total Instructional Staff</u>	<u>22,383</u>	<u>22,383</u>	<u>48,735</u>	<u>(26,352)</u>
<u>General Administration</u>				
Salaries	146,919	146,919	191,819	(44,900)
Employee Benefits	29,765	29,765	52,223	(22,458)
Purchased Services – Professional	9,500	9,500	22,820	(13,320)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	5,500	5,500	9,042	(3,542)
Supplies and Materials	500	500	3,189	(2,689)
Property	-	-	-	-
Other Objects	21,000	21,000	18,336	2,664
<u>Total General Administration</u>	<u>213,184</u>	<u>213,184</u>	<u>297,429</u>	<u>(84,245)</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	608,262	608,262	580,856	27,406
Employee Benefits	168,797	168,797	191,427	(22,630)
Purchased Services – Professional	2,500	2,500	964	1,536
Purchased Services – Property	-	-	-	-
Purchased Services – Other	12,500	12,500	6,731	5,769
Supplies and Materials	5,100	5,100	4,871	229
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total School Administration</u>	<u>797,159</u>	<u>797,159</u>	<u>784,849</u>	<u>12,310</u>
<u>Business Services</u>				
Salaries	138,387	138,387	145,256	(6,869)
Employee Benefits	39,801	39,801	50,539	(10,738)
Purchased Services – Professional	52,700	52,700	66,796	(14,096)
Purchased Services – Property	-	-	-	-
Purchased Services – Other	1,200	1,200	2,145	(945)
Supplies and Materials	8,700	8,700	10,051	(1,351)
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Business Services</u>	<u>240,788</u>	<u>240,788</u>	<u>274,787</u>	<u>(33,999)</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Operations and Maintenance</u>				
Salaries	458,188	458,188	420,891	37,297
Employee Benefits	151,170	151,170	182,818	(31,648)
Purchased Services – Professional	181,921	181,921	172,243	9,678
Purchased Services – Property	106,500	106,500	86,459	20,041
Purchased Services – Other	11,200	11,200	4,728	6,472
Supplies and Materials	437,480	437,480	382,614	54,866
Property	14,700	14,700	16,338	(1,638)
Other Objects	<u>12,000</u>	<u>12,000</u>	<u>3,280</u>	<u>8,720</u>
<u>Total Operations and Maintenance</u>	<u>1,373,159</u>	<u>1,373,159</u>	<u>1,269,371</u>	<u>103,788</u>
<u>Student Transportation</u>				
Salaries	152,034	152,034	119,765	32,269
Benefits	101,455	101,455	43,095	58,360
Purchased Services – Professional	5,040	5,040	7,245	(2,205)
Purchased Services – Property	50,000	50,000	70,136	(20,136)
Purchased Services – Other	5,000	5,000	3,033	1,967
Supplies and Materials	25,000	25,000	23,018	1,982
Property	-	-	-	-
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Student Transportation</u>	<u>338,529</u>	<u>338,529</u>	<u>266,292</u>	<u>72,237</u>
<u>Central Support</u>				
Salaries	60,962	60,962	58,946	2,016
Employee Benefits	18,870	18,870	20,888	(2,018)
Purchased Services – Professional	135,000	135,000	41,586	93,414
Purchased Services – Property	-	-	3,000	(3,000)
Purchased Services – Other	483,138	483,138	437,463	45,675
Supplies and Materials	160,000	160,000	22,463	137,537
Property	<u>334,815</u>	<u>334,815</u>	<u>10,106</u>	<u>324,709</u>
<u>Total Central Support</u>	<u>1,192,785</u>	<u>1,192,785</u>	<u>594,452</u>	<u>598,333</u>
<u>Other Support</u>				
Salaries	75,000	75,000	36,056	38,944
Employees Benefits	9,078	9,078	7,770	1,308
Purchased Services – Professional	2,000	2,000	3,934	(1,934)
Purchased Services – Property	-	-	-	-
Other Objects	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
<u>Total Other Support</u>	<u>86,328</u>	<u>86,328</u>	<u>47,760</u>	<u>38,568</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Food Service</u>				
Purchased Services – Property	250	250	-	250
Supplies and Materials	550	550	-	550
Property	-	-	-	-
<u>Total Food Service</u>	<u>800</u>	<u>800</u>	<u>-</u>	<u>800</u>
<u>Debt Service</u>				
Principal	103,706	103,706	145,989	(42,283)
Interest	-	-	29,971	(29,971)
<u>Total Debt Service</u>	<u>103,706</u>	<u>103,706</u>	<u>175,960</u>	<u>(72,254)</u>
<u>TOTAL SUPPORTING SERVICES</u>	<u>5,140,497</u>	<u>5,140,497</u>	<u>4,435,918</u>	<u>704,579</u>
<u>APPROPRIATED RESERVES</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
<u>TOTAL EXPENDITURES</u>	<u>10,154,027</u>	<u>10,154,027</u>	<u>9,179,116</u>	<u>974,911</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(227,132)</u>	<u>(227,132)</u>	<u>929,674</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	(225,000)	(225,000)	(149,239)	75,761
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>(149,239)</u>	<u>75,761</u>
<u>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(452,132)</u>	<u>(452,132)</u>	<u>780,435</u>	
<u>FUND BALANCE, July 1</u>	<u>1,903,828</u>	<u>1,903,828</u>	<u>2,287,374</u>	
<u>FUND BALANCE, June 30</u>	<u>1,451,696</u>	<u>1,451,696</u>	<u>3,067,809</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
DESIGNATED PURPOSE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Revenues</u>				
Local Sources	600	600	109,945	109,345
State Sources	430,216	430,216	72,103	(358,113)
Federal Sources	<u>930,402</u>	<u>1,915,563</u>	<u>556,152</u>	<u>(1,359,411)</u>
<u>Total Revenues</u>	<u>1,361,218</u>	<u>2,346,279</u>	<u>738,200</u>	<u>(1,608,179)</u>
<u>Expenditures</u>				
Instruction	759,343	1,744,504	422,001	1,322,503
Support Services	<u>601,875</u>	<u>601,875</u>	<u>316,199</u>	<u>285,676</u>
<u>Total Expenditures</u>	<u>1,361,218</u>	<u>2,346,379</u>	<u>738,200</u>	<u>1,608,179</u>
<u>Revenues Over (Under) Expenditures</u>	-	-	-	
<u>Transfers</u>	-	-	-	-
<u>FUND BALANCES, July 1</u>	-	-	-	
<u>FUND BALANCES, June 30</u>	-	-	-	

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0866%	0.0978%	0.1233%	0.1293%	0.1307%	0.1230%	0.1348%	-	-	-
District's proportionate share of the net pension liability (asset)	\$12,938,551	\$17,325,989	\$39,869,939	\$38,493,259	\$19,998,864	\$16,667,595	\$17,198,752	-	-	-
State's proportionate share of the net pension liability associated with the District **	\$1,641,088	\$2,369,088	-	-	-	-	-	-	-	-
District's covered payroll	\$5,074,142	\$5,303,723	\$5,324,272	\$5,890,683	\$5,760,446	\$5,411,409	\$5,126,183	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	255%	327%	748%	653%	347%	308%	336%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.16%	62.80%	64.06%	-	-	-

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 983,369	\$ 1,014,695	\$ 1,005,251	\$ 1,085,056	\$ 1,021,830	\$ 914,944	\$ 819,574	\$ 897,576	-	-
Contributions in relation to the contractually required contributions	<u>\$(983,369)</u>	<u>\$(1,014,695)</u>	<u>\$(1,005,251)</u>	<u>\$(1,085,056)</u>	<u>\$(1,021,830)</u>	<u>\$(914,944)</u>	<u>\$(819,574)</u>	<u>\$(897,576)</u>	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
District's covered payroll	\$5,074,142	\$5,303,723	\$5,324,272	\$5,890,683	\$5,760,446	\$5,411,409	\$5,126,183	\$5,925,567	-	-
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.41%	17.73%	16.91%	15.99%	15.15%	-	-

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net OPEB liability (asset)	0.0566%	0.0636%	0.0701%	0.0735%	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$636,279	\$865,327	\$910,461	\$952,777	-	-	-	-	-	-
District's covered payroll	\$5,074,142	\$5,303,723	\$5,324,272	\$5,890,683	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.54%	16.32%	17.10%	16.17%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%	-	-	-	-	-	-

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 51,756	\$ 54,098	\$ 54,308	\$ 60,085	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(51,756)</u>	<u>\$(54,098)</u>	<u>\$(54,308)</u>	<u>\$(60,085)</u>	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
District's covered payroll	\$5,074,142	\$5,303,723	\$5,324,272	\$5,890,683	-	-	-	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	-	-	-	-	-	-

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Debt Service Funds

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

Capital Project Funds

Building Fund – used to account for the expenditure of funds for capital projects. These funds are provided through debt issuance, grants and local sources.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	<u>Special Revenue Funds</u>		Total Non-Major Governmental Funds
	<u>Food Service</u>	<u>Student Activities</u>	
<u>ASSETS</u>			
Cash and Equivalents	35,708	143,456	179,164
Investments	-	-	-
Accounts Receivable	4,788	-	4,788
Accrued Revenue	74,804	-	74,804
Due From Other Funds	15,533	-	15,533
Inventories	<u>24,524</u>	-	<u>24,524</u>
<u>Total Assets</u>	<u>155,357</u>	<u>143,456</u>	<u>298,813</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	6,919	4	6,923
Accrued Salaries	17,532	-	17,532
Due To Other Funds	-	-	-
Deposits Held	-	-	-
<u>Total Liabilities</u>	<u>24,451</u>	<u>4</u>	<u>24,455</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventories	24,524	-	24,524
Restricted:			
Food Service	106,382	-	106,382
Committed:			
Assigned:			
Student Activities	-	143,452	143,452
Unassigned:			
<u>Total Fund Balances</u>	<u>130,906</u>	<u>143,452</u>	<u>274,358</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>155,357</u>	 <u>143,456</u>	 <u>298,813</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Student Activities</u>	
<u>REVENUES:</u>			
Local Sources:			
Earning on Investments	26	1,844	1,870
Fees and Charges	19,656	122,506	142,162
State Aid	7,992	-	7,992
Federal Aid	<u>518,691</u>	<u>-</u>	<u>518,691</u>
<u>Total Revenues</u>	<u>546,365</u>	<u>124,350</u>	<u>670,715</u>
 <u>EXPENDITURES:</u>			
Current:			
Instructional Services	-	131,379	131,379
Supporting Services:			
Students	-	102,626	102,626
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Food Service	529,828	-	529,828
Debt Service	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>529,828</u>	<u>234,005</u>	<u>763,833</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 16,537	 (109,655)	 (93,118)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>23,888</u>	<u>111,063</u>	<u>134,951</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 40,425	 1,408	 41,833
 <u>FUND BALANCES, Beginning (as Restated)</u>	 <u>90,481</u>	 <u>142,044</u>	 <u>232,525</u>
 <u>FUND BALANCES, Ending</u>	 <u>130,906</u>	 <u>143,452</u>	 <u>274,358</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 BOND REDEMPTION DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Tax	526,600	547,411	20,811
Earnings on Investments	2,000	6,840	4,840
Other Local	<u>3,200</u>	<u>2,798</u>	<u>(402)</u>
<u>Total Revenues</u>	<u>531,800</u>	<u>557,049</u>	<u>25,249</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal	500,000	500,000	-
Interest	30,800	126,080	(95,280)
Other	1,000	819	181
Appropriated Reserves	<u>797,819</u>	<u>-</u>	<u>797,819</u>
<u>Total Expenditures</u>	<u>1,329,619</u>	<u>626,899</u>	<u>702,720</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(797,819)</u>	<u>(69,850)</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds of General Obligation Bonds	<u>-</u>	<u>254,080</u>	<u>254,080</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>254,080</u>	<u>254,080</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>(797,819)</u>	<u>184,230</u>	
 <u>FUND BALANCES, July 1</u>	<u>797,819</u>	<u>813,997</u>	
 <u>FUND BALANCES, June 30</u>	<u>-</u>	<u>998,227</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 BUILDING - CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Earnings on Investments	35,252	38,925	3,673
Other Local Revenue	-	-	-
State Grant Revenue	<u>11,040,261</u>	<u>2,182,210</u>	<u>(8,858,051)</u>
<u>Total Revenues</u>	<u>11,075,513</u>	<u>2,221,135</u>	<u>(8,854,378)</u>
 <u>EXPENDITURES</u>			
Buildings and Site Improvements	19,492,097	3,073,653	16,418,444
Appropriated Reserves	-	-	-
<u>Total Expenditures</u>	<u>19,492,097</u>	<u>3,073,653</u>	<u>16,418,444</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(8,416,584)</u>	<u>(852,518)</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Bond Proceeds	7,345,000	7,090,920	(254,080)
Bond Premiums	1,382,114	1,455,564	73,450
Issue Cost	(310,530)	(129,900)	180,630
Transfers	-	<u>14,288</u>	<u>14,288</u>
<u>Total Other Financing Sources (Uses)</u>	<u>8,416,584</u>	<u>8,430,872</u>	<u>14,288</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	-	7,578,354	
 <u>FUND BALANCES, July 1</u>	-	-	
 <u>FUND BALANCES, June 30</u>	-	<u>7,578,354</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 FOOD SERVICES – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	21,000	19,656	(1,344)
Earnings on Investments	50	26	(24)
Other	-	-	-
<u>State Sources</u>			
School Lunches and Breakfast	4,000	7,992	3,992
<u>Federal Sources</u>			
School Lunches and Breakfast	503,000	409,873	(93,127)
Other	-	71,614	71,614
Commodities	<u>30,000</u>	<u>37,204</u>	<u>7,204</u>
<u>Total Revenues</u>	<u>558,050</u>	<u>546,365</u>	<u>(11,685)</u>
 <u>EXPENDITURES</u>			
Salaries	221,480	216,087	5,393
Employee Benefits	90,000	78,027	11,973
Purchased Services – Professional	7,500	3,935	3,565
Purchased Services – Property	-	-	-
Purchased Services - Other	-	850	(850)
Food Purchases	270,000	182,965	87,035
Capital Outlay	-	-	-
Commodities	25,000	37,204	(12,204)
Non-Food Supplies	20,350	10,760	9,590
Other	200	-	200
Appropriated Reserves	<u>30,062</u>	-	<u>30,062</u>
<u>Total Expenditures</u>	<u>664,592</u>	<u>529,828</u>	<u>134,764</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(106,542)	16,537	
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	<u>75,000</u>	<u>23,888</u>	<u>(51,112)</u>
<u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(31,542)	40,425	
<u>FUND BALANCE, July 1</u>	<u>31,542</u>	<u>90,481</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>130,906</u>	

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 STUDENT ACTIVITIES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Other Local	250,000	124,350	(125,650)
<u>Total Revenues</u>	<u>250,000</u>	<u>124,350</u>	<u>(125,650)</u>
<u>EXPENDITURES:</u>			
Co-Curricular Instruction	175,000	131,379	43,621
Support	225,000	102,626	122,374
Appropriated Reserve	146,900	-	146,900
<u>Total Expenditures</u>	<u>546,900</u>	<u>234,005</u>	<u>312,895</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(296,900)	(109,655)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	150,000	111,063	(38,937)
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u>	(146,900)	1,408	
<u>FUND BALANCE, July 1 (as Restated)</u>	<u>152,640</u>	<u>142,044</u>	
<u>FUND BALANCE, June 30</u>	<u>5,740</u>	<u>143,452</u>	

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

STATE REQUIRED SCHEDULES

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

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 1580 - Trinidad 1
 Fiscal Year 2019-20
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	2,287,374	9,959,551	9,179,116	3,067,809
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Totals	2,287,374	9,959,551	9,179,116	3,067,809
11 Charter School Fund	0	0	0	0
20.25-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	90,482	570,253	529,829	110,906
22 Govt Designated-Purpose Grants Fund	0	738,200	738,200	0
23 Pupil Activity Special Revenue Fund	143,044	235,413	234,005	143,452
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	813,998	811,129	626,990	998,227
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	10,781,907	3,203,553	7,578,354
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,111,658	23,656,432	14,511,601	11,916,746
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
50.65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34/Permanment Fund	0	0	0	0
85 Foundation	0	0	0	0
Totals	0	0	0	0
FINAL				0



Colorado Department of Education

Bolded Balance Sheet Report

District: 1580 - Trinidad 1

Fiscal Year 2019-20

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary			Totals
	General Funds 10.12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	
Cash and Investments (8100-8104,8111)	3,308,420	0	0	1,324,002	0	0	35,708	0	7,998,169	0	0	0	0	0	0	12,666,299
Cash with Fiscal Agent (8105)	111,258	0	0	0	0	0	0	967,835	0	0	0	0	0	0	0	1,079,092
Taxes Receivable (8121,8122)	154,000	0	0	0	0	0	0	51,000	0	0	0	0	0	0	0	205,000
Interfund Loans Receivable (8131,8132)	527,466	0	0	0	0	0	15,533	0	66,544	0	0	0	0	0	0	609,543
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	220,342	0	0	121,027	0	0	85,048	0	1,190,742	0	0	0	0	0	0	1,617,158
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	-5,456	0	0	0	0	0	0	0	0	-5,456
Inventories (8171,8172,8173)	0	0	0	0	0	0	24,524	0	0	0	0	0	0	0	0	24,524
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	4,321,486	0	0	1,445,029	0	0	155,357	1,018,835	9,233,454	0	0	0	0	0	0	16,196,161

	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 05	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 53-54	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
LIABILITIES & FUND EQUITY																		
LIABILITIES																		
Interfund Payables (7401,7402)	82,077	0	0	527,466	0	0	0	0	0	0	0	0	0	0	0	609,543		
Other Payables (7421-7423)	227,146	0	0	6,811	0	0	6,919	0	1,619,720	0	0	0	0	0	0	1,860,596		
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	57,381	0	0	0	0	0	0	57,381		
Accrued Expenses (7461)	814,434	0	0	41,720	0	0	17,532	0	0	0	0	0	0	0	0	873,686		
Payroll Ded. and Withholdings (7471-7473)	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	4		
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Grants Deferred Revenue (7482)	63,509	0	0	725,576	0	0	0	0	0	0	0	0	0	0	0	789,084		
Other Current Liabilities (7491,7492,7499)	600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600		
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred Inflow (7800)	65,911	0	0	0	0	0	0	0	0	0	0	0	0	0	0	65,911		
Deferred Inflow Grants (7801)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Liabilities	1,253,677	0	0	1,301,576	0	0	24,451	20,608	1,677,101	0	0	0	0	0	0	4,277,413		

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18 Fund 11	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
Non-spendable Fund Balance 6710	0	0	0	0	0	0	24,524	0	0	0	0	0	0	0	0	24,524		
Restricted Fund Balance 6720	0	0	0	0	0	0	106,382	998,227	7,578,354	0	0	0	0	0	0	8,682,963		
TABOR 3% Emergency Reserve 6721	375,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	375,500		
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Colorado Preschool Program (CPP) Reserve 6724	11,827	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,827		
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Committed Fund Balance 6750	38,604	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38,604		
Assigned Fund Balance 6760	0	0	0	143,452	0	0	0	0	0	0	0	0	0	0	0	143,452		
Unassigned Fund Balance 6770	2,641,878	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,641,878		
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Fund Equity	3,067,809	0	0	143,452	0	0	130,906	998,227	7,578,354	0	0	0	0	0	0	11,918,748		

Total Liabilities & Fund Equity	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18 Fund 11	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60, 70-79	Trust & Agency Funds 70-79	Foundations Fund 85	Totals		
4,321,486	0	0	0	1,445,029	0	0	155,357	1,018,835	9,255,455	0	0	0	0	0	0	16,196,161		

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

Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Las Animas County School District Number RE-1 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Las Animas County School District Number RE-1's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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


December 9, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Las Animas County School District Number RE-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Las Animas County School District Number RE-1's major federal programs for the year ended June 30, 2020. Las Animas County School District Number RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Las Animas County School District Number RE-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Deifon, Waller & Co., Inc.
December 9, 2020

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

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

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

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

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Reportable on Compliance for Major Programs

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

Audit Findings

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

Major Programs

Elementary and Secondary School Emergency Relief Act 84.425D

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Las Animas County School District Number RE-1 qualified as a low-risk auditee for the fiscal year ended June 30, 2020.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020

There are no prior audit findings requiring disclosure.

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through Colorado Department of Education			
Title I	84.010	4010	375,454
Title II A – Teach Quality	84.367	4367	63,188
Rural Education Initiative	84.358	6358	6,841
Student Support and Academic Enrichment	84.424	4424	21,092
Elementary and Secondary Emergency Relief Act	84.425D	4425	291,956
Passed through Colorado Community College and Occupational Education Vocational Education:			
Carl Perkins	84.048	4048	<u>13,246</u>
<u>Total Department of Education</u>			<u>771,777</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed through Colorado Department of Education			
National School Breakfast Program	10.553	4553	109,965
National School Lunch Program	10.555	4555	294,275
Summer Food Service Program	10.559	4559	5,633
Passed through Colorado Department of Human Services			
Food Distribution (Commodities)	10.555	4555	<u>37,204</u>
<u>Total Child Nutrition Cluster</u>			<u>447,077</u>
<u>Total Department of Agriculture</u>			<u>447,077</u>
<u>Department of the Treasury</u>			
Passed through Colorado Department of Education			
Coronavirus Relief Act	21.015	4012	<u>76,331</u>
<u>Total Department of the Treasury</u>			<u>76,331</u>
<u>TOTAL EXPENDITURES</u>			<u>1,295,185</u>

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

LAS ANIMAS COUNTY SCHOOL DISTRICT NUMBER RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 INDIRECT COST RATES

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

NOTE 3 FOOD DISTRIBUTION

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

NOTE 4 SUBRECIPIENTS

The District did not pass through any grant amounts to subrecipients for the year ended June 30, 2020.