

Yuma School District-1
Yuma, Colorado

Financial Statements

For the Year ended June 30, 2015

Table of Contents

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16-17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18-19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Notes to Financial Statements	21-44
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions	48
Notes to the Required Supplementary Information	49
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues	54
Budgetary Comparison Schedule - Expenditures	56-58
Nonmajor Governmental Fund	
Budgetary Comparison Schedule – Food Service Fund	60
Debt Service Fund	
Budgetary Comparison Schedule - Bond Redemption Fund	62
Capital Projects Fund	
Budgetary Comparison Schedule - Capital Reserve Capital Projects Fund	64

Table of Contents

	<u>Page</u>
Fiduciary Fund	
Budgetary Comparison Schedule – Pupil Activity Agency Fund	66
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Auditors' Integrity Report	69
Auditors' Integrity Report	70



Independent Auditors' Report

Board of Education
Yuma School District-1
Yuma, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yuma School District-1 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note N to the financial statements, in fiscal year 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

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

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2015

**YUMA SCHOOL DISTRICT-1
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2015**

This section of Yuma School District-1's annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2015.

Financial Highlights

- The liabilities and deferred inflows of resources of Yuma School District-1 exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$562,920 (net position - deficit).
- The district's total net position decreased by \$412,082.
- General revenues accounted for \$8,118,207 or 87% of the \$9,349,208 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,231,001 or 13% of revenues.
- The general fund ending fund balance reached \$6,262,785, a decrease of \$22,509 from last year.

Overview of Financial Statements

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

Government-wide Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes). In the government-wide financial statements, the School District's activities include the following:

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

Fund Financial Statements

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

Governmental Funds

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

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

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Bond Redemption Fund and Capital Reserve Capital Projects Fund (which are considered to be major funds) and the Food Service Fund which is considered to be a nonmajor fund.

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

Fiduciary Funds

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 21-44 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 54-66.

Financial Analysis of the School District as a Whole

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

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

The following table provides a summary of the district's net position (liabilities) as of June 30, 2015.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
Current and Other assets	\$ 8,272,018	\$ 8,342,061	-	\$ 117,415	\$ 8,272,018	\$ 8,459,476	-2.22%
Capital assets	\$11,747,330	\$12,018,901	-	\$ 34,824	\$11,747,330	\$12,053,725	-2.54%
Total assets	\$20,019,348	\$20,360,962	-	\$ 152,239	\$20,019,348	\$20,513,201	-2.41%
Deferred outflows of resources	\$ 1,191,225	\$ 246,409	-	-	\$ 1,191,225	\$ 246,409	383.43%
Total assets and deferred outflows of resources	\$21,210,573	\$20,607,371	-	\$ 152,239	\$21,210,573	\$20,759,610	2.17%
Long term liabilities	\$20,829,246	\$ 6,325,927	-	\$ 7,094	\$20,829,246	\$ 6,333,021	228.90%
Other liabilities	\$ 943,274	\$ 1,032,014	-	\$ 21,276	\$ 943,274	\$ 1,053,290	-10.44%
Total liabilities	\$21,772,520	\$ 7,357,941	-	\$ 28,370	\$21,772,520	\$ 7,386,311	194.77%
Deferred inflows of resources	\$ 973	-	-	-	\$ 973	-	N/A
Net investment in capital assets	\$ 6,297,415	\$ 5,939,382	-	\$ 34,824	\$ 6,297,415	\$ 5,974,206	5.41%
Restricted	\$ 1,280,226	\$ 1,279,899	-	-	\$ 1,280,226	\$ 1,279,899	.03%
Unrestricted	\$(8,140,561)	\$ 6,030,149	-	\$ 89,045	\$(8,140,561)	\$ 6,119,194	-233.03%
Total net position	\$ (562,920)	\$13,249,430	-	\$123,869	\$ (562,920)	\$13,373,299	-104.21%
Total liabilities, deferred inflows of resources and net position	\$21,210,573	\$20,607,371	-	\$152,239	\$21,210,573	\$20,759,610	2.17%

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

Revenues	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
Program Revenues							
Charges for services	\$ 72,370	\$ 12,285	-	\$ 56,184	\$ 72,370	\$ 68,469	5.70%
Operating Grants & Contributions	\$1,037,784	\$ 773,373	-	\$263,913	\$1,037,784	\$1,037,286	.05%
Capital Grants	\$ 120,847	-	-	-	\$ 120,847	-	N/A
Property taxes	\$4,187,489	\$4,098,847	-	-	\$4,187,489	\$4,098,847	2.16%
State equalization	\$3,708,890	\$3,545,993	-	-	\$3,708,890	\$3,545,993	4.59%
Other	\$ 221,828	\$ 223,863	-	\$ 119	\$ 221,828	\$ 223,982	-.96%
Transfers	-	\$ (86,836)	-	\$ 86,836	-	-	0.00%
Total Revenue	\$9,349,208	\$8,567,525	-	\$407,052	\$9,349,208	\$8,974,577	4.17%
Expenses							
Instruction	\$5,329,997	\$5,109,988	-	-	\$5,329,997	\$5,109,988	4.31%
Pupil & Instructional Services	\$ 383,299	\$ 277,952	-	-	\$ 383,299	\$ 277,952	37.90%
Administration & Business	\$1,301,998	\$1,235,796	-	-	\$1,301,998	\$1,235,796	5.36%
Maintenance & Operations	\$1,092,819	\$1,080,389	-	-	\$1,092,819	\$1,080,389	1.15%
Transportation	\$ 370,995	\$ 425,283	-	-	\$ 370,995	\$ 425,283	-12.77%
Other	\$1,282,182	\$ 826,978	-	\$363,103	\$1,282,182	\$1,190,081	7.74%
Total Expenses	\$9,761,290	\$8,956,386	-	\$363,103	\$9,761,290	\$9,319,489	4.74%
Increase in net position	\$(412,082)	\$(388,861)	-	\$ 43,949	\$(412,082)	\$(344,912)	19.47%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$7,779 per funded student. In fiscal year 2014-2015 the funded pupil count was 773.4. Funding for the SFA comes from property taxes levied for general purposes, specific ownership tax and state equalization. The School District receives approximately 47 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$3,025,304 in property taxes levied for general purposes for fiscal year 2014-2015.

Governmental Funds

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

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$7,332,946, a decrease of \$81,468 in comparison with the prior year. The General Fund had a fund balance decrease of \$22,509; the Bond Redemption Fund had a fund balance increase of \$980, the Capital Reserve Capital Projects Fund had a fund balance increase of \$1,518 and the Other governmental fund had a fund balance decrease of \$61,457.

General Fund Budget Highlights

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

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

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$11,747,330 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, and capital leases all with an original cost greater than \$5,000.

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

- Buildings and improvements - \$152,851
- Transportation equipment - \$67,401
- Other equipment - \$70,879

The School District's total capital assets at June 30, 2015 net of accumulated depreciation were as follows:

	Governmental Activities
Buildings & improvements	11,013,349
Transportation equipment	430,800
Other equipment	303,181
Total capital assets	11,747,330

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

Long-Term Debt

At year-end, the School District's long-term debt of \$20,829,246 consisted of the following.

	<u>Governmental Activities</u>
General obligation bonds payable, net of discount and premium	\$ 5,607,715
Capital lease obligations	53,978
Accrued compensated absences	84,847
Net pension liability	<u>15,082,706</u>
Total	<u>\$ 20,829,246</u>

Economic Factors

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

- SY 2015/16 Per Pupil Revenue (PPR) rose slightly this year.
- There will continue to be substantial and (expensive but mainly non-capital) critical building maintenance to support and improve district infrastructure, including replacement of boilers in main buildings.
- As with the previous year, the number of unfunded state and federal mandates for reporting, changes to curriculum, assessment and governance will again increase sharply. The district is under continuous pressure to add administrative (non-instructional) staff to support these mandates.
- IT Costs, related both to mandated online assessment and to the ever-increasing role of technology in teaching, continue to be a concern.
- Transportation costs, especially those related to students with IEP's, are expected to continue increasing.
- Food costs have increased and are anticipated to continue to do so in the coming year.

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

In SY 2014-15, the District maintained a "Performance" (Accredited) rating on the CO state system, despite an increase in the at-risk student population. The District continues to institute a comprehensive improvement process. The District continues to create or expand ties with national and regional organizations with the experience and expertise to support The District's goals.

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

Contacting the Districts Financial Management

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

Basic Financial Statements

The basic financial statements of the District include the following:

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

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

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

YUMA SCHOOL DISTRICT-1
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash	\$ 5,810,055
Cash with fiscal agent	1,090,890
Certificates of deposit	1,138,890
Receivables	219,350
Inventories	12,833
Capital assets, net of depreciation	<u>11,747,330</u>
Total assets	20,019,348
Deferred outflows of resources	
Deferred charges on refundings of bonds	211,779
Contributions subsequent to measurement date	434,341
Difference between projected and actual earnings on pension plan	312,168
Changes in proportionate share	<u>232,937</u>
Total deferred outflows of resources	<u>1,191,225</u>
Total assets and deferred outflows of resources	<u><u>\$ 21,210,573</u></u>
Liabilities	
Accounts payable	\$ 134,688
Accrued salaries and benefits	710,475
Unearned revenue	29,153
Accrued interest payable	68,958
Noncurrent liabilities	
Due within one year	593,978
Due in more than one year	<u>20,235,268</u>
Total liabilities	21,772,520
Deferred inflows of resources	
Differences between expected and actual experience	973
Net position	
Net investment in capital assets	6,297,415
Restricted for:	
Emergencies	215,000
Colorado preschool program	10,211
Debt service	1,033,167
Food service operations	21,848
Unrestricted (deficit)	<u>(8,140,561)</u>
Total net position (deficit)	<u>(562,920)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 21,210,573</u></u>

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

This page intentionally left blank.

YUMA SCHOOL DISTRICT-1
Statement of Activities
For the Year Ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 5,329,997	\$ 11,600	\$ 621,352	
Supporting services				
Students	219,538		80,000	
Instructional staff	163,761		11,284	
General administration	329,425			
School administration	834,282			
Business services	138,291			
Operations and maintenance	1,092,819			
Student transportation	370,995		69,840	
Central support services	215,204			
Other support services	22,915			
Food service operations	396,638	60,770	255,064	
Community services	244		244	
Facilities acquisition	16,474			\$ 120,847
Unallocated depreciation *	424,321			
Interest and fiscal charges	206,386			
Total governmental activities	<u>\$ 9,761,290</u>	<u>\$ 72,370</u>	<u>\$ 1,037,784</u>	<u>\$ 120,847</u>

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

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

Total general revenues

Change in net position

Net position (deficit) at beginning of year,
 as restated

Net position (deficit) at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (4,697,045)

(139,538)

(152,477)

(329,425)

(834,282)

(138,291)

(1,092,819)

(301,155)

(215,204)

(22,915)

(80,804)

-

104,373

(424,321)

(206,386)

(8,530,289)

3,025,304

706,449

448,667

7,069

3,708,890

19,608

202,220

8,118,207

(412,082)

(150,838)

\$ (562,920)

YUMA SCHOOL DISTRICT-1
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Fund
Assets				
Cash	\$ 5,642,410		\$ 139,469	\$ 28,176
Cash with fiscal agent	81,641	\$ 1,009,249		
Certificates of deposit	1,138,890			
Due from other funds				17,524
Property taxes receivable	153,558	36,497		
Other receivables	29,178			117
Inventories				12,833
Total assets	\$ 7,045,677	\$ 1,045,746	\$ 139,469	\$ 58,650
Liabilities				
Accounts payable	\$ 26,685		\$ 108,003	
Due to other funds	17,524			
Accrued salaries and benefits	686,506			\$ 23,969
Unearned revenue			29,153	
Total liabilities	730,715	\$ -	137,156	23,969
Deferred inflows of resources				
Deferred property tax revenues	52,177	12,579		
Total deferred inflows of resources	52,177	12,579	-	-
Fund balance				
Nonspendable inventories				12,833
Restricted for:				
Emergencies	215,000			
Colorado preschool program	10,211			
Debt service		1,033,167		
Food service operations				21,848
Committed for capital purposes			2,313	
Unassigned	6,037,574			
Total fund balance	6,262,785	1,033,167	2,313	34,681
Total liabilities, deferred inflows of resources and fund balance	\$ 7,045,677	\$ 1,045,746	\$ 139,469	\$ 58,650

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of net position are different because:	
	Total fund balance - governmental funds	\$ 7,332,946
\$ 5,810,055	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	11,747,330
1,090,890		
1,138,890	Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	64,756
17,524		
190,055	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(68,958)
29,295		
12,833	Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, capital lease obligations, accrued compensated absences and net pension liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(19,638,994)
<u>\$ 8,289,542</u>	Net position (deficit) of the governmental activities	<u>\$ (562,920)</u>
\$ 134,688		
17,524		
710,475		
29,153		
891,840		
64,756		
64,756		
12,833		
215,000		
10,211		
1,033,167		
21,848		
2,313		
6,037,574		
7,332,946		
<u>\$ 8,289,542</u>		

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

YUMA SCHOOL DISTRICT-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Fund
Revenues				
Local sources	\$ 3,710,817	\$ 720,955	\$ 120,965	\$ 60,893
Intermediate sources	3,517			
State sources	4,238,686			7,098
Federal sources	252,924			247,966
Total revenues	8,205,944	720,955	120,965	315,957
Expenditures				
Instruction	4,911,748			
Supporting services	3,035,236			377,414
Capital outlay			344,725	
Debt service				
Principal retirement		535,000	51,852	
Interest and fiscal charges		184,975	4,339	
Total expenditures	7,946,984	719,975	400,916	377,414
Excess of revenues over (under) expenditures	258,960	980	(279,951)	(61,457)
Other financing sources (uses)				
Transfers in			281,469	
Transfers out	(281,469)			
Total other financing sources (uses)	(281,469)	-	281,469	-
Excess of revenues and other sources over (under) expenditures and other (uses)	(22,509)	980	1,518	(61,457)
Fund balance at beginning of year	6,285,294	1,032,187	795	96,138
Fund balance at end of year	<u>\$ 6,262,785</u>	<u>\$ 1,033,167</u>	<u>\$ 2,313</u>	<u>\$ 34,681</u>

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ (81,468)
\$ 4,613,630	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlay in the current period.	
3,517		
4,245,784		
500,890		
9,363,821		(306,395)
4,911,748	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	
3,412,650		
344,725		
586,852		(2,034)
189,314		
9,445,289	In the statement of activities, certain expenses related to the pension liabilities and related deferred outflows and inflows, compensated absences and accrued interest payable - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
(81,468)		(609,037)
281,469		
(281,469)	Repayment of principal on general obligation bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	586,852
-		
	Change in net position of governmental activities	\$ (412,082)
(81,468)		
7,414,414		
\$ 7,332,946		

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

YUMA SCHOOL DISTRICT-1
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Agency Fund</u>
Assets	
Cash	\$ 119,742
Certificates of deposit	12,611
	<hr/>
Total assets	\$ 132,353
	<hr/> <hr/>
Liabilities	
Due to student groups	\$ 132,353
	<hr/>
Total liabilities	\$ 132,353
	<hr/> <hr/>

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

The following is the District’s nonmajor governmental fund:

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

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

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

Note A.3 – Basis of presentation

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

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

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

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

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

Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The government has four items that qualifies for reporting in this category. Accordingly, the items, deferred charges on refunding of bonds, contributions subsequent to measurement date, difference between projected and actual earnings on pension plan and changes in proportionate share, are reported on the statement of net position.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, differences between expected and actual experience, is reported on the statement of net position.

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

A.7 – Inventories

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Capital assets

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

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

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

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

A.9 – Compensated absences

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

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

Professional and administrative staff receive sick leave of between seven and eight and one-half days per year, depending on their classification, and will be paid for up to twenty days at the current one-day substitute's rate (currently \$75 per day). Support staff receive sick

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

leave of between seven and eight and one-half days per year, depending on their classification, and will be paid for up to twenty days at the employees' per diem or at a rate not to exceed \$62.50 per day, whichever is less.

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

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

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

A.10 – Accrued liabilities and long-term obligations

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

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

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

A.11 – Fund balance

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

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

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

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

A.12 – Net position

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.13 – Interfund transactions

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

A.14 – Extraordinary and special items

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

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$7,140,238, of which \$360,149 was insured and \$6,780,089 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

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

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

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

The following table provides a reconciliation of cash and investments:

Cash in bank	\$ 5,929,237
Cash on hand	560
Certificates of deposit	<u>1,151,501</u>
Total	<u>\$ 7,081,298</u>
<u>Statement of net position</u>	
Cash	\$ 5,810,055
Certificates of deposit	<u>1,138,890</u>
Subtotal	6,948,945
<u>Statement of fiduciary net position</u>	
Cash	119,742
Certificates of deposit	<u>12,611</u>
Subtotal	<u>132,353</u>
Total	<u>\$ 7,081,298</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note C – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 17,524
Other governmental fund	<u>17,524</u>	<u>-</u>
Total	<u>\$ 17,524</u>	<u>\$ 17,524</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Capital Reserve Capital Projects Fund	\$ 281,469	\$ -
General fund	<u>-</u>	<u>281,469</u>
Total	<u>\$ 281,469</u>	<u>\$ 281,469</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$281,469 from the General Fund to the Capital Reserve Capital Projects Fund to set moneys aside for future capital outlays acquisition or construction of major capital facilities and other capital assets.

Note D – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 190,055
Other receivables	<u>29,295</u>
Total	<u>\$ 219,350</u>

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,990,638	\$ 152,851	\$ -	\$ 20,143,489
Transportation equipment	1,472,396	67,401	-	1,539,797
Other equipment	<u>844,392</u>	<u>70,879</u>	<u>-</u>	<u>915,271</u>
Total capital assets	22,307,426	291,131	-	22,598,557
Less accumulated depreciation for:				
Buildings and improvements	(8,680,398)	(449,742)	-	(9,130,140)
Transportation equipment	(1,045,098)	(63,899)	-	(1,108,997)
Other equipment	<u>(528,205)</u>	<u>(83,885)</u>	<u>-</u>	<u>(612,090)</u>
Total accumulated depreciation	<u>(10,253,701)</u>	<u>(597,526)</u>	<u>-</u>	<u>(10,851,227)</u>
Governmental activities capital assets, net	<u>\$ 12,053,725</u>	<u>\$ (306,395)</u>	<u>\$ -</u>	<u>\$ 11,747,330</u>

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

Governmental activities	
Unallocated	\$ 424,321
Instruction	20,692
Operations and maintenance	22,387
Student transportation	63,899
Central support services	56,472
Food service operations	<u>9,755</u>
Total	<u>\$ 597,526</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$710,475. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Compensated absences	\$ 72,978	\$ 11,869	\$ -	\$ 84,847	\$ -
Capital lease obligations	105,830	-	(51,852)	53,978	53,978
Bonds payable	6,110,000	-	(535,000)	5,575,000	540,000
Bond discount	(23,327)	-	2,239	(21,088)	-
Bond premium	67,540	-	(13,737)	53,803	-
Net pension liability	<u>13,924,897</u>	<u>1,157,809</u>	<u>-</u>	<u>15,082,706</u>	<u>-</u>
Total	<u>\$ 20,257,918</u>	<u>\$ 1,169,678</u>	<u>\$ (598,350)</u>	<u>\$ 20,829,246</u>	<u>\$ 593,978</u>

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

Capital lease obligation

Energy management system – In August 2005, the District entered into an agreement with Wells Fargo Brokerage Services, LLC to finance the purchase of certain energy saving equipment from EMC Engineers, Inc. The agreement called for a lease term of one year with annual renewal options. Annual payments of \$56,191 are due on August 15th of each year, with a final payment due in 2015. The average interest rate over the lease term is 4.100%. The District has capitalized \$453,501 of assets under this capital lease.

The following is a schedule by years of future minimum lease payments under the capital lease above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended June 30,</u>	<u>Debt service requirement</u>
2016	<u>\$ 56,191</u>
Total minimum lease payments	56,191
Less amount representing interest	<u>(2,213)</u>
Present value of future net minimum lease payments	<u>\$ 53,978</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$4,200,000 general obligation refunding bonds, dated December 1, 2006, due in annual installments ranging from \$55,000 to \$720,000; varying interest rates ranging from 3.875% to 4.500%, payable semi-annually on February 15 th and August 15 th .	\$ 3,445,000
\$2,700,000 general obligation refunding bonds, dated June 6, 2012, due in annual installments ranging from \$25,000 to \$550,000; with a fixed interest rate of 2.00%, payable semi-annually on February 15 th and August 15 th .	<u>2,130,000</u>
Total general obligation bonds	<u>\$ 5,575,000</u>

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 540,000	\$ 173,075	\$ 713,075
2017	550,000	161,691	711,691
2018	570,000	149,975	719,975
2019	580,000	137,913	717,913
2020	615,000	119,917	734,917
2021-2024	<u>2,720,000</u>	<u>222,800</u>	<u>2,942,800</u>
Totals	<u>\$ 5,575,000</u>	<u>\$ 965,371</u>	<u>\$ 6,540,371</u>

Prior year defeasance of debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year-end, \$5,345,000 of bonds outstanding are considered defeased.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan

Summary of significant accounting policies

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

General information about the pension plan

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

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

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$14 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	3.80%	4.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>3.50%</u>	<u>4.00%</u>
Total employer contribution to the SCHDTF	<u>16.43%</u>	<u>17.33%</u>

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$847,100 for the year ended.

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

At year-end, the District reported a liability of \$15,082,706 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2014, the District’s proportion was 0.1113 percent, which was an increase of 0.0021 percent from its proportion measured as of December 31, 2013.

For the year, the District recognized pension expense of \$1,427,194. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 973
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	312,168	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	232,937	-
Contributions subsequent to the measurement date	<u>434,341</u>	<u>-</u>
Total	<u>\$ 979,446</u>	<u>\$ 973</u>

\$434,341 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2016	\$ 141,856
2017	141,856
2018	141,856
2019	83,879
2020	<u>34,685</u>
Totals	<u>\$ 544,132</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and inputs:

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

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

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

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. equity – large cap	26.76%	5.00%
U.S. equity – small cap	4.40%	5.19%
Non U.S. equity – developed	22.06%	5.29%
Non U.S. equity – emerging	6.24%	6.76%
Core fixed income	24.05%	0.98%
High yield	1.53%	2.64%
Long duration government credit	0.53%	1.57%
Emerging market bonds	0.43%	3.04%
Real estate	7.00%	5.09%
Private equity	7.00%	7.15%
Total	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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ 19,887,926	\$ 15,082,706	\$ 11,060,656

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

Payables to the pension plan

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

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year, program members contributed \$46,221 for the Voluntary Investment Program.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note J – Other postemployment benefits

Health Care Trust Fund

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

Funding policy. The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended June 30, 2015, 2014 and 2013, the District's contributions to the HCTF were \$48,270, \$46,138 and \$43,495, respectively, equal to their required contributions for each year.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$78,141. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note L – Commitments and contingencies

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$215,000 for the emergency reserve.

Note M – Joint venture

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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note M – Joint venture (Continued)

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

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture. Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado. For the year, the District’s financial contribution was \$178,353.

Note N – Prior period restatement

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires the District to recognize a liability for its proportionate share of the net pension liability of PERA’s School District Trust Fund (see Note G), as well as pension expense, and to report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. The District has reduced the beginning net position of its governmental activities by \$13,524,137 due to the adoption of this statement.

The District previously reported the activity of the Food Service Fund in a proprietary fund. Beginning in fiscal year 2014-2015, such activity has been more appropriately reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a restated beginning balance of \$96,138, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities, including net position of \$27,731, previously reported in the proprietary fund are not recognized at the fund level under modified accrual, and have been reclassified as assets and liabilities of its governmental activities as of June 30, 2014.

Beginning net position as originally reported	\$ 13,249,430
GASB 68 implementation	(13,524,137)
Food service fund reclassification	<u>123,869</u>
Beginning net position (deficit), as restated	<u>\$ (150,838)</u>

Required Supplementary Information

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

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

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 3,857,052	\$ 3,975,666	\$ 3,710,817	\$ (264,849)
Intermediate sources	3,000	3,517	3,517	-
State sources	5,095,847	4,259,874	4,238,686	(21,188)
Federal sources	279,642	290,097	252,924	(37,173)
Total revenues	9,235,541	8,529,154	8,205,944	(323,210)
Expenditures				
Instruction	5,292,341	5,189,336	4,911,748	277,588
Supporting services	3,115,497	3,072,073	3,035,236	36,837
Appropriated reserves	6,942,889	6,244,221		6,244,221
Total expenditures	15,350,727	14,505,630	7,946,984	6,558,646
Excess of revenues over (under) expenditures	(6,115,186)	(5,976,476)	258,960	6,235,436
Other financing uses				
Transfers out	(533,650)	(267,745)	(281,469)	(13,724)
Excess of revenues over (under) expenditures and other financing uses	\$ (6,648,836)	\$ (6,244,221)	(22,509)	\$ 6,221,712
Fund balance at beginning of year			6,285,294	
Fund balance at end of year			\$ 6,262,785	

YUMA SCHOOL DISTRICT-1
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
June 30, 2015

District's proportion of the net pension liability	0.1112838971%
District's proportionate share of the net pension liability	\$ 15,082,706
District's covered-employee payroll	\$ 4,732,362
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	318.71%
Plan fiduciary net position as a percentage of the total pension liability	62.84%

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

YUMA SCHOOL DISTRICT-1
Schedule of District Contributions ¹
June 30, 2015

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

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

YUMA SCHOOL DISTRICT-1
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

This page intentionally left blank.

Other Supplementary Information

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

This page intentionally left blank.

Budgetary Comparison Schedules - General Fund

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

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,250,899	\$ 3,244,429	\$ 3,026,866	\$ (217,563)
Specific ownership taxes	370,000	420,000	448,667	28,667
Delinquent taxes and interest	6,500	6,200	5,673	(527)
Tuition	12,000	12,000	11,600	(400)
Earnings on investments	25,000	25,000	19,308	(5,692)
Pupil activities	92,653	103,010	75,503	(27,507)
Other local sources	100,000	165,027	123,200	(41,827)
Total local sources	3,857,052	3,975,666	3,710,817	(264,849)
Intermediate sources	3,000	3,517	3,517	-
State sources				
Equalization	4,694,098	3,710,783	3,708,890	(1,893)
Hold harmless kindergarten	46,749	46,749	49,026	2,277
Vocational education	42,000	45,198	50,220	5,022
ELPA professional development			71,593	71,593
English language proficiency act	42,000	109,331	49,887	(59,444)
Transportation	87,000	87,000	69,840	(17,160)
School counselor grant	80,000	80,000	80,000	-
Implementing state educational priorities		31,784		(31,784)
READ Act		45,029	45,029	-
State grants to libraries	3,000	3,000	3,000	-
Services within the BOCES	101,000	101,000	111,201	10,201
Total state sources	5,095,847	4,259,874	4,238,686	(21,188)
Federal sources				
Title I	195,075	223,213	190,792	(32,421)
Title II-A	35,151	41,496	39,680	(1,816)
Title III	29,686	19,672	17,959	(1,713)
Services within the BOCES	19,730	5,716	4,493	(1,223)
Total federal sources	279,642	290,097	252,924	(37,173)
Total revenues	\$ 9,235,541	\$ 8,529,154	\$ 8,205,944	\$ (323,210)

This page intentionally left blank.

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 3,424,424	\$ 3,359,198	\$ 3,247,517	\$ 111,681
Employee benefits	1,175,289	1,186,781	1,070,532	116,249
Purchased services	394,484	391,469	408,736	(17,267)
Supplies and materials	239,579	190,823	122,362	68,461
Property	39,965	42,715	42,978	(263)
Other	18,600	18,350	19,623	(1,273)
Total instruction	5,292,341	5,189,336	4,911,748	277,588
Supporting services				
Students				
Salaries	100,950	105,505	146,689	(41,184)
Employee benefits	25,015	37,740	47,423	(9,683)
Purchased services	6,000	12,042	7,694	4,348
Supplies and materials	800	400	310	90
Other	300	150		150
Total students	133,065	155,837	202,116	(46,279)
Instructional staff				
Salaries	83,099	89,799	83,875	5,924
Employee benefits	33,443	34,709	29,721	4,988
Purchased services	41,445	24,945	18,280	6,665
Supplies and materials	13,318	13,227	12,955	272
Property	3,000	500		500
Other	3,909	2,150	8,969	(6,819)
Total instructional staff	178,214	165,330	153,800	11,530
General administration				
Salaries	150,851	144,226	146,429	(2,203)
Employee benefits	50,925	49,673	52,479	(2,806)
Purchased services	91,450	103,650	79,826	23,824
Supplies and materials	6,000	6,825	7,111	(286)
Property	1,000	6,700	9,649	(2,949)
Other	20,500	13,250	16,540	(3,290)
Total general administration	320,726	324,324	312,034	12,290

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	619,359	622,563	569,145	53,418
Employee benefits	196,986	198,297	188,288	10,009
Purchased services	36,250	25,750	21,348	4,402
Supplies and materials	450	450	313	137
Property	750	500	173	327
Total school administration	853,795	847,560	779,267	68,293
Business services				
Salaries	84,685	84,685	91,373	(6,688)
Employee benefits	27,875	27,875	29,559	(1,684)
Purchased services	3,500	1,000	672	328
Other			5,835	(5,835)
Total business services	116,060	113,560	127,439	(13,879)
Operations and maintenance				
Salaries	289,698	278,686	273,624	5,062
Employee benefits	105,599	99,085	94,256	4,829
Purchased services	334,800	329,300	314,321	14,979
Supplies and materials	319,170	314,170	336,934	(22,764)
Property	8,000	5,700	30,710	(25,010)
Other	1,000	1,000	830	170
Total operations and maintenance	1,058,267	1,027,941	1,050,675	(22,734)
Student transportation services				
Salaries	135,690	138,107	127,767	10,340
Employee benefits	34,028	42,812	45,215	(2,403)
Purchased services	44,650	44,650	39,992	4,658
Supplies and materials	106,700	93,900	75,465	18,435
Property	750	500	82	418
Total student transportation services	321,818	319,969	288,521	31,448

(Continued)

YUMA SCHOOL DISTRICT-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2015

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	54,243	54,243	54,243	-
Employee benefits	16,187	16,187	16,409	(222)
Purchased services	17,800	17,050	25,865	(8,815)
Supplies and materials	2,500	1,000	404	596
Property	20,000	4,000	2,285	1,715
Total central support services	110,730	92,480	99,206	(6,726)
Other support services				
Salaries	10,000	10,000	8,260	1,740
Employee benefits	1,822	1,822	412	1,410
Purchased services	10,000	13,000	13,262	(262)
Total other support services	21,822	24,822	21,934	2,888
Non-instructional services				
Supplies and materials		250		250
Community services				
Supplies and materials	1,000		244	(244)
Total supporting services	3,115,497	3,072,073	3,035,236	36,837
Appropriated reserves	6,942,889	6,244,221		6,244,221
Total expenditures	<u>\$ 15,350,727</u>	<u>\$ 14,505,630</u>	<u>\$ 7,946,984</u>	<u>\$ 6,558,646</u>

Budgetary Comparison Schedule - Nonmajor Governmental Fund

The District reports the following nonmajor special revenue fund:

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

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

YUMA SCHOOL DISTRICT-1
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 65,539	\$ 65,539	\$ 60,893	\$ (4,646)
State sources	273,723	289,191	7,098	(282,093)
Federal sources	6,500	6,500	247,966	241,466
Total revenues	345,762	361,230	315,957	(45,273)
Expenditures				
Salaries and benefits	193,726	179,094	188,186	(9,092)
Purchased services	9,350	9,100	4,511	4,589
Supplies and materials	169,186	169,186	174,128	(4,942)
Property	1,000	3,850	10,589	(6,739)
Appropriated reserves	52,420	123,869		123,869
Total expenditures	425,682	485,099	377,414	107,685
Excess of revenues over (under) expenditures	\$ (79,920)	\$ (123,869)	(61,457)	\$ (152,958)
Fund balance at beginning of year			96,138	
Fund balance at end of year			\$ 34,681	

Budgetary Comparison Schedule - Debt Service Fund

The District reports the following major debt service fund:

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

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

YUMA SCHOOL DISTRICT-1
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 786,100	\$ 786,100	\$ 719,500	\$ (66,600)
Delinquent taxes and interest			1,396	1,396
Earnings on investments			59	59
Total revenues	786,100	786,100	720,955	(65,145)
Expenditures				
Debt service				
Principal retirement	455,000	455,000	535,000	(80,000)
Interest and fiscal charges	331,100	331,100	184,975	146,125
Appropriated reserves	1,036,885	1,032,187		1,032,187
Total expenditures	1,822,985	1,818,287	719,975	1,098,312
Excess of revenues over (under) expenditures	<u>\$ (1,036,885)</u>	<u>\$ (1,032,187)</u>	980	<u>\$ 1,033,167</u>
Fund balance at beginning of year			<u>1,032,187</u>	
Fund balance at end of year			<u>\$ 1,033,167</u>	

Budgetary Comparison Schedule - Capital Projects Fund

The District reports the following major capital projects fund:

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

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

YUMA SCHOOL DISTRICT-1
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 50	\$ 50	\$ 118	\$ 68
Other local revenue			120,847	120,847
Total revenues	50	50	120,965	120,915
Expenditures				
Capital outlay				
Purchased services	188,600	36,071	36,070	1
Building improvements	60,000	5,910	135,096	(129,186)
Equipment	35,000	13,470	13,470	-
Vehicles	100,000	70,802	70,802	-
Technology	150,000	85,250	89,287	(4,037)
Debt service				
Principal retirement		51,852	51,852	-
Interest and fiscal charges	50	4,390	4,339	51
Appropriated reserves		191,123		191,123
Total expenditures	533,650	458,868	400,916	57,952
Excess of revenues over (under) expenditures	(533,600)	(458,818)	(279,951)	178,867
Other financing sources				
Transfer in	533,650	267,745	281,469	13,724
Excess of revenues and other financing sources over (under) expenditures	\$ 50	\$ (191,073)	1,518	\$ 192,591
Fund balance at beginning of year			795	
Fund balance at end of year			\$ 2,313	

Budgetary Comparison Schedule – Fiduciary Fund

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

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

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

YUMA SCHOOL DISTRICT-1
Pupil Activity Agency Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Additions				
Fundraising and other events	\$ 137,858	\$ 350,000	\$ 160,722	\$ (189,278)
Deductions				
Pupil activity expenditures	137,858	350,000	170,444	179,556
Excess of additions over (under) deductions	\$ -	\$ -	(9,722)	\$ (9,722)
Due to student groups at beginning of year			142,075	
Due to student groups at end of year			\$ 132,353	

**Colorado Department of Education
Supplementary Schedule**

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

This page intentionally left blank.



Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Yuma School District-1
Yuma, Colorado

We have audited the financial statements of the Yuma School District-1 (the District) as of and for the year ended June 30, 2015, and our report thereon dated November 3, 2015, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 3, 2015

Colorado Department of Education
Auditors Integrity Report
 District: 3200 - YUMA 1
 Fiscal Year 2014-15
 Colorado School District/BOCES

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	6,268,581		7,807,784		7,823,792		6,252,573
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	16,712		116,691		123,192		10,211
Sub-Total	6,285,294		7,924,475		7,946,984		6,262,785
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec. Revenue Fund	96,138		315,957		377,414		34,681
22 Govt. Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	1,032,187		720,955		719,975		1,033,167
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	795		402,434		400,916		2,313
Totals	7,414,414		9,562,821		9,445,289		7,332,946
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	142,075		160,721		170,444		132,353
79 GASB 34-Permanment Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	142,075		160,721		170,444		132,353

FINAL

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