

Yuma School District-1
Yuma, Colorado

Financial Statements

For the Year ended June 30, 2012

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22-23
Statement of Fiduciary Net Assets – Fiduciary Funds	24
Notes to Financial Statements	25-44
Required Supplementary Information	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	46
Notes to the Required Supplementary Information	47
Other Supplementary Information	
General Fund	
Schedule of Revenues – Budget and Actual	52
Schedule of Expenditures – Budget and Actual	54-56

Table of Contents

	<u>Page</u>
Nonmajor Governmental Fund	
Capital Reserve Capital Projects Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	58
Debt Service Fund	
Bond Redemption Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	60
Nonmajor Proprietary Fund Types	
Food Service Fund	
Statement of Revenues, Expenses and Changes in Net Assets – Budget and Actual	62
Fiduciary Fund Types	
Pupil Activity Agency Fund	
Schedule of Additions, Deductions and Changes in Liabilities – Budget and Actual	64
Colorado Department of Education Supplementary Schedule	
Independent Auditors' Report on Supplementary Schedule	67
Auditors' Electronic Financial Data Integrity Check Figures	68



Independent Auditors' Report

Board of Education
Yuma School District-1
Yuma, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Yuma School District-1 (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 financial statements. The other supplementary 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 27, 2012

YUMA SCHOOL DISTRICT-1
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2012

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, 2012.

Financial Highlights

- The assets of Yuma School District-1 exceeded its liabilities at the close of the most recent fiscal year by \$13,455,986 (net assets).
- The district's total net assets increased by \$849,808.
- General revenues accounted for \$8,015,618 or 89% of the \$8,980,001 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$964,383 or 11% of revenues.
- The general fund ending fund balance reached \$6,636,411, an increase of \$354,804 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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and, (4) required supplementary information. 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 assets includes all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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). The government-wide financial statements consolidate the governmental and Business type activities. The business type activities include the Food Services Fund. In the government-wide financial statements, the School District's activities are divided into two categories.

- **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.
- **Business-type activities:** The food service program is intended to recover all or a significant portion of their costs through fees, charges and governmental reimbursements.

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 three kinds of funds: governmental funds, proprietary 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 three 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 and bond redemption (which are considered to be major funds) and the capital reserve capital projects funds, which are considered to be a nonmajor fund.

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

Proprietary Funds

The School District maintains enterprise funds to report the same functions presented as business-type activities in its food service fund. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 20-23 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 24 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 25-44 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 46-64.

Financial Analysis of the School District as a Whole

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

60% 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 assets (liabilities) as of June 30, 2012.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 8,524,041	\$ 8,103,382	\$ 84,761	\$ 107,653	\$ 8,608,802	\$ 8,211,035	4.84%
Capital assets	\$12,764,984	\$12,761,139	\$ 52,972	\$ 57,774	\$12,817,956	\$12,818,913	-0.01%
Total assets	\$21,289,025	\$20,864,521	\$137,733	\$165,427	\$21,426,758	\$21,029,948	1.89%
Long term liabilities	\$ 7,190,499	\$ 7,598,845	\$ -	\$ -	\$ 7,190,499	\$ 7,598,845	-5.37%
Other liabilities	\$ 763,232	\$ 805,117	\$ 17,041	\$ 19,808	\$ 780,273	\$ 824,925	-5.41%
Total liabilities	\$ 7,953,731	\$ 8,403,962	\$ 17,041	\$ 19,808	\$ 7,970,772	\$ 8,423,770	-5.38%
Net assets							
Invested in capital assets, net of related debt	\$ 5,684,956	\$ 5,262,478	\$ 52,972	\$ 57,774	\$ 5,737,928	\$ 5,320,252	7.85%
Restricted	\$ 1,310,913	\$ 1,334,379	\$ -	\$ -	\$ 1,310,913	\$ 1,334,379	-1.76%
Unrestricted	\$ 6,339,425	\$ 5,863,702	\$ 67,720	\$ 87,845	\$ 6,407,145	\$ 5,951,547	7.66%
Total net assets	\$13,335,294	\$12,460,559	\$120,692	\$145,619	\$13,455,986	\$12,606,178	6.74%

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2012
	2012	2011	2012	2011	2012	2011	
Revenues							
Program Revenues							
Charges for services	\$ 13,132	\$ 13,975	\$ 68,161	\$ 73,915	\$ 81,293	\$ 87,890	-7.51%
Operating Grants & Contributions	\$ 623,129	\$ 1,315,743	\$ 259,961	\$ 252,685	\$ 883,090	\$ 1,568,428	-43.70%
Capital Grants & Contributions	\$ -	\$ 40,130	\$ -	\$ -	\$ -	\$ 40,130	-100.00%
General Revenue							
Property taxes	\$ 4,181,341	\$ 3,960,284	\$ -	\$ -	\$ 4,181,341	\$ 3,960,284	5.58%
State equalization	\$ 3,057,930	\$ 3,173,388	\$ -	\$ -	\$ 3,057,930	\$ 3,173,388	-3.64%
Other	\$ 776,229	\$ 560,739	\$ 118	\$ 9,328	\$ 776,347	\$ 570,067	36.19%
Total Revenue	\$ 8,651,761	\$ 9,064,259	\$ 328,240	\$ 335,928	\$ 8,980,001	\$ 9,400,187	-4.47%
Expenses							
Instruction	\$ 4,363,225	\$ 4,221,714	\$ -	\$ -	\$ 4,363,225	\$ 4,221,714	3.35%
Pupil & Instructional Services	\$ 175,483	\$ 552,908	\$ -	\$ -	\$ 175,483	\$ 552,908	-68.26%
Administration &	\$ 866,487	\$ 849,991	\$ -	\$ -	\$ 866,487	\$ 849,991	1.94%
Business							
Maintenance & Operations	\$ 1,033,706	\$ 1,076,782	\$ -	\$ -	\$ 1,033,706	\$ 1,076,782	-4.00%
Transportation	\$ 353,150	\$ 479,009	\$ -	\$ -	\$ 353,150	\$ 479,009	-26.27%
Other	\$ 984,975	\$ 804,664	\$ 353,167	\$ 334,448	\$ 1,338,142	\$ 1,139,112	17.47%
Total Expenses	\$ 7,777,026	\$ 7,985,068	\$353,167	\$334,448	\$ 8,130,193	\$ 8,319,516	-2.28%
Increase in net assets	\$ 874,735	\$ 1,079,191	\$(24,927)	\$ 1,480	\$ 859,808	\$ 1,080,671	-20.44%

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 \$7,131 per funded student. In fiscal year 2011-2012 the funded pupil count was 782.9. Funding for the SFA comes from property taxes levied for general purposes, specific ownership tax and state equalization. The School District receives approximately 45 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 \$3,438,449 in property taxes levied for general purposes for fiscal year 2011-2012.

Business-Type Activities

Business-type activities are made up of the food services fund. The program had total revenues of \$328,240 and expenses of \$353,167. Business type activities receive no support from tax revenue.

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, unreserved 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 \$7,668,332, an increase of \$359,455 in comparison with the prior year. The general fund had a fund balance increase of \$354,804, the bond redemption fund had a fund balance increase of \$4,609, and other governmental fund had a fund balance increase of \$42.

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 reduction in earnings on investments (\$45,294) was due to the decrease in interest rates.
- The capital construction section of the fund had an overage (\$15,200) due to underlying damage discovered during the re-roofing of Morris elementary.
- The District's federal sources of revenue from the consolidated grant was reduced in Title I, IDEA Part B and IDEA Preschool while "at-risk" students (partially supported by Title I) and students with significant IEP's (partially supported by IDEA) both increased.

Capital Assets and Debt Administration

Capital Assets

The School District's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$12,817,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000 for governmental activities and \$1,000 for business-type activities.

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

- Buildings and improvements - \$239,293
- Transportation equipment - \$100,795
- Other equipment - \$200,280

The School District's total capital assets at June 30, 2012 net of accumulated depreciation were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Buildings & improvements	11,981,568	-	11,981,568
Transportation equipment	527,663	-	527,663
Other equipment	255,753	52,972	304,725
Total Capital Assets	12,764,984	52,972	12,813,956

Additional information on the School District's capital assets can be found in note E on pages 37-38 to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$7,188,499 consisted of the following.

	<u>Governmental Activities</u>
General obligation bonds payable, net of discount, premium and deferral	\$ 6,874,539
Capital lease obligations	203,489
Accrued compensated absences	110,471
Total	<u>\$ 7,188,499</u>

Economic Factors

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

- Enrollment has again declined slightly (approx. 8 students) from last year. The CDE is forecasting an additional decline of 11 students in the coming year (2013/14). The District's planning will assume this at least through the 2013 October Count.
- SY 2012//13 Per Pupil Revenue (PPR) rose slightly this year due to changes in demographics.
- PPR forecast: The outlook for the near to medium term for PPR is mixed. On the downside, economic signals would indicate a decline in state revenues flowing to schools. On the upside, the now famous Lobato case offers the possibility of an across the board increase in state funding. Although initially decided in the plaintiff's favor, the case is being appealed to the CO State Supreme Court. Predictions as to the high court upholding the lower court are not uniform, the effects of Lobato *even if it is upheld* are also not clear, i.e. "what is the effect of a court order is on a state constitution-controlled process?".
- There will continue to be substantial and (expensive but mainly non-capital) critical building maintenance to maintain district infrastructure.
- The number of state and federal mandate for reporting, changes to curriculum, and governance will again increase in the coming year.
- Energy and food costs have increased (especially food costs) and are anticipated to increase at a substantial but undesignated percentage in next few years.
- The Colorado and U.S. economies (unlike the Yuma area) continue to be weak. The combination of state and federal budget difficulties leave open the possibility of funding rescissions or other revenue interruptions in the short to middle term.

The District continues to reduce and reallocate expenditures to an alignment better suited to mission and current circumstance. The District does not anticipate any large expenditure for capital outlay, with the exception of information technology. 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. The Superintendent and School Board will be working to place the district on a smaller footprint.

In SY 2011-12, the District moved from "Accredited with Improvement" to "Accredited"-up one step in the state rating system. The District continues to institute a top to bottom improvement process. The District has created or expanded 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 the school improvement process as well as increased fiscal efficiency.

On the positive side, the district grant writing/fundraising efforts have begun to produce results. SY 2011/12 saw major grants for support of improvement to reading instruction and English language learners. This will accelerate in the next few years. In addition, the district continues to centralizing athletic and extracurricular fundraising with the goal of increasing efficiency.

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 Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 6,069,231	\$ 51,130	\$ 6,120,361
Cash with fiscal agent	1,021,188		1,021,188
Certificates of deposit	1,122,856		1,122,856
Internal activity	(17,524)	17,524	-
Receivables	232,033		232,033
Inventory		16,107	16,107
Capital assets, net of depreciation	12,764,984	52,972	12,817,956
Other assets, net of amortization	96,257		96,257
 Total assets	 <u>\$ 21,289,025</u>	 <u>\$ 137,733</u>	 <u>\$ 21,426,758</u>
Liabilities			
Accounts payable	\$ 91,404		\$ 91,404
Accrued salaries and benefits	592,882	\$ 17,041	609,923
Accrued interest payable	78,946		78,946
Noncurrent liabilities			
Due within one year	552,848		552,848
Due in more than one year	6,637,651		6,637,651
 Total liabilities	 7,953,731	 17,041	 7,970,772
Net assets			
Invested in capital assets, net of related debt	5,684,956	52,972	5,737,928
Restricted for:			
Emergencies	233,000		233,000
Preschool	46,369		46,369
Debt service	1,031,544		1,031,544
Unrestricted	6,339,425	67,720	6,407,145
 Total net assets	 13,335,294	 120,692	 13,455,986
 Total liabilities and net assets	 <u>\$ 21,289,025</u>	 <u>\$ 137,733</u>	 <u>\$ 21,426,758</u>

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

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YUMA SCHOOL DISTRICT-1
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 4,363,225	\$ 13,132	\$ 530,054	
Supporting services				
Students	52,100			
Instructional staff	123,383		6,800	
General administration	278,363			
School administration	588,124			
Business services	86,557			
Operations and maintenance	947,149			
Student transportation	353,150		86,275	
Central support services	239,529			
Other support services	20,347			
Community support services	659			
Food service operations	516			
Facilities aquisition	33,127			
Unallocated depreciation *	422,043			
Interest and fiscal charges	268,754			
Total governmental activities	7,777,026	13,132	623,129	\$ -
Business-type activities				
Nutrition services	353,167	68,161	259,961	
Total school district	\$ 8,130,193	\$ 81,293	\$ 883,090	\$ -

* 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 and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

**Net (Expenses) Revenues and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (3,820,039)	\$ (3,820,039)	
(52,100)	(52,100)	
(116,583)		
(278,363)	(278,363)	
(588,124)	(588,124)	
(86,557)	(86,557)	
(947,149)	(947,149)	
(266,875)	(266,875)	
(239,529)	(239,529)	
(20,347)	(20,347)	
(659)	(659)	
(516)	(516)	
(33,127)	(33,127)	
(422,043)	(422,043)	
(268,754)	(268,754)	
<hr/>	<hr/>	<hr/>
(7,140,765)	\$ -	(7,024,182)
<hr/>	<hr/>	<hr/>
(25,045)	(25,045)	(25,045)
<hr/>	<hr/>	<hr/>
(7,140,765)	(25,045)	(7,165,810)
<hr/>	<hr/>	<hr/>
3,438,449	3,438,449	
742,892	742,892	
371,033	371,033	
6,576	6,576	
3,057,930	3,057,930	
25,642	118	25,760
372,978	<hr/>	<hr/>
<hr/>	8,015,500	8,015,618
874,735	(24,927)	849,808
<hr/>	<hr/>	<hr/>
12,460,559	145,619	12,606,178
<hr/>	<hr/>	<hr/>
\$ 13,335,294	\$ 120,692	\$ 13,455,986

YUMA SCHOOL DISTRICT-1
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Bond Redemption Fund	Other Governmental Fund	Total Governmental Funds
Assets				
Cash	\$ 6,068,854		\$ 377	\$ 6,069,231
Cash with fiscal agent	3,017	\$ 1,018,171		1,021,188
Certificates of deposit	1,122,856			1,122,856
Due from other funds	3,977		17,951	21,928
Property taxes receivable	142,139	30,701		172,840
Grants receivable	41,202			41,202
Other receivables	17,991			17,991
Total assets	\$ 7,400,036	\$ 1,048,872	\$ 18,328	\$ 8,467,236
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 73,453		\$ 17,951	\$ 91,404
Due to other funds	35,475	\$ 3,977		39,452
Accrued salaries and benefits	592,882			592,882
Deferred revenue	61,815	13,351		75,166
Total liabilities	763,625	17,328	17,951	798,904
Fund balance				
Restricted for emergencies	233,000			233,000
Restricted for preschool	46,369			46,369
Restricted for debt service		1,031,544		1,031,544
Committed for capital purposes			377	377
Unassigned	6,357,042			6,357,042
Total fund balance	6,636,411	1,031,544	377	7,668,332
Total liabilities and fund balance	\$ 7,400,036	\$ 1,048,872	\$ 18,328	\$ 8,467,236

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

YUMA SCHOOL DISTRICT-1**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**
June 30, 2012

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

Total fund balance - governmental funds	\$ 7,668,332
Capital and other assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	12,861,241
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 deferred in the funds.	75,166
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.	(78,946)
Long-term liabilities, including bonds payable, net of discounts, premiums and deferrals, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(7,190,499)
Net assets of the governmental activities	<u>\$ 13,335,294</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, 2012

	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local sources	\$ 4,221,392	\$ 738,766	\$ 43	\$ 4,960,201
Intermediate sources	7,064			7,064
State sources	3,447,705			3,447,705
Federal sources	233,354			233,354
Total revenues	7,909,515	738,766	43	8,648,324
Expenditures				
Instruction	4,374,870			4,374,870
Supporting services	2,510,009			2,510,009
Capital outlay			613,641	613,641
Debt service				
Purchased services	66,066			66,066
Principal retirement	455,000		45,964	500,964
Interest and fiscal charges	278,750		10,228	288,978
Total expenditures	6,884,879	799,816	669,833	8,354,528
Excess of revenues over (under) expenditures	1,024,636	(61,050)	(669,790)	293,796
Other financing sources (uses)				
Proceeds of refunding bonds		2,700,000		2,700,000
Premium on bonds		96,158		96,158
Payment to escrow agent		(2,730,499)		(2,730,499)
Transfers in			669,832	669,832
Transfers out	(669,832)			(669,832)
Total other financing sources (uses)	(669,832)	65,659	669,832	65,659
Excess of revenues and other sources over (under) expenditures and other (uses)	354,804	4,609	42	359,455
Fund balance at beginning of year	6,281,607	1,026,935	335	7,308,877
Fund balance at end of year	\$ 6,636,411	\$ 1,031,544	\$ 377	\$ 7,668,332

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

YUMA SCHOOL DISTRICT-1**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012**

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

Net change in fund balances - governmental funds \$ 359,455

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation and amortization in the current period. 3,845

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. 3,437

In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts actually paid). 500,964

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net assets. 7,034

Change in net assets of governmental activities \$ 874,735

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

YUMA SCHOOL DISTRICT-1
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Business-type Activities</u>
	<u>Nonmajor Proprietary Fund</u>
Assets	
Current assets	
Cash	\$ 51,130
Due from other funds	17,524
Inventory	<u>16,107</u>
Total current assets	<u>84,761</u>
Machinery and equipment	87,487
Less accumulated depreciation	<u>(34,515)</u>
Total machinery and equipment, net	<u>52,972</u>
Total assets	<u><u>\$ 137,733</u></u>
Liabilities and net assets	
Current liabilities	
Accrued salaries and benefits	\$ 17,041
Total current liabilities/total liabilities	<u>17,041</u>
Net assets	
Invested in capital assets	52,972
Unrestricted	<u>67,720</u>
Total net assets	<u>120,692</u>
Total liabilities and net assets	<u><u>\$ 137,733</u></u>

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

YUMA SCHOOL DISTRICT-1
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Business-type Activities</u>
	<u>Nonmajor Proprietary Fund</u>
Operating revenues	
Charges for services	\$ 68,161
Operating expenses	
Salaries and benefits	152,510
Purchased services	8,591
Supplies and materials	176,342
Property	6,735
Depreciation	8,989
	<hr/>
Total operating expenses	353,167
Operating loss	(285,006)
Nonoperating revenues	
Federal and state aid	259,961
Earnings on investments	118
	<hr/>
Total nonoperating revenues	260,079
Change in net assets	(24,927)
Net assets at beginning of year	<hr/> 145,619
Net assets at end of year	<hr/> \$ 120,692

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

YUMA SCHOOL DISTRICT-1
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Business-type Activities</u>
	<u>Nonmajor Proprietary Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 68,161
Payments to suppliers	(165,739)
Payments to employees	<u>(155,277)</u>
Net cash used by operating activities	(252,855)
Cash flows from noncapital financing activities	
Federal and state aid	<u>242,725</u>
Net cash provided by noncapital financing activities	242,725
Cash flows from capital financing activities	
Purchase of capital assets	<u>(4,186)</u>
Net cash used by capital financing activities	(4,186)
Cash flows from investing activities	
Earnings on investments	<u>118</u>
Net cash provided by noncapital financing activities	<u>118</u>
Net decrease in cash	(14,198)
Cash at beginning of year	<u>65,328</u>
Cash at end of year	<u>\$ 51,130</u>

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

	Business-type Activities
	Nonmajor Proprietary Fund
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (285,006)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	8,989
Commodities	17,236
Changes in assets and liabilities	
Inventory	8,693
Accrued salaries and benefits	(2,767)
Net cash used by operating activities	<u><u>\$ (252,855)</u></u>

YUMA SCHOOL DISTRICT-1
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Fund
Assets	
Cash	\$ 113,863
Certificates of deposit	<u>48,565</u>
Total assets	<u><u>\$ 162,428</u></u>
Liabilities	
Due to student groups	<u>\$ 162,428</u>
Total liabilities	<u><u>\$ 162,428</u></u>

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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. 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."

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).

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The following are the District's major governmental fund:

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, risk-related transactions, 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.

The following is the District's nonmajor governmental fund:

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.

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's nonmajor proprietary fund:

Food Service Fund – This fund is an enterprise fund used to account for the financial activities associated with the District's food service operations.

Fiduciary Funds focus on net assets and changes in net assets. 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net assets 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.

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 segment of the business-type activities of the District and 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 and enterprise 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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

are a balance sheet, which generally includes only current assets and current liabilities, 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds focus on net assets and changes in net assets 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.

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. Proprietary and 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

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 revenue – Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred 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 deferred revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as revenue.

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 – Cash and cash equivalents

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – 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 assets, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – 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. Expenses 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.

A.9 – 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 assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund financial statements.

All capital assets with a unit cost greater than \$5,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds 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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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>	<u>Business-type Activities</u>
Buildings and improvements	10-40 years	n/a
Transportation equipment	5-15 years	n/a
Other equipment	5-10 years	5-10 years

A.10 – 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 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. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.11 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, issuance costs 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.12 – 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.

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),

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.13 – Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 assets are 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. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – 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.16 – 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.

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	\$ 6,233,664
Cash on hand	560
Certificates of deposit	<u>1,171,421</u>
Total	<u>\$ 7,405,645</u>
<u>Statement of net assets</u>	
Cash	\$ 6,120,361
Certificates of deposit	<u>1,122,856</u>
Subtotal	7,243,217
<u>Statement of fiduciary net assets</u>	
Cash	113,863
Certificates of deposit	<u>48,565</u>
Subtotal	<u>162,428</u>
Total	<u>\$ 7,405,645</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:

	Interfund Receivables	Interfund Payables
<u>Governmental funds</u>		
General fund	\$ 3,977	\$ 35,475
Bond Redemption fund	-	3,977
Other Governmental funds	<u>17,951</u>	-
Subtotal	21,928	39,452
<u>Proprietary funds</u>		
Nonmajor proprietary fund	<u>17,524</u>	-
Total	<u>\$ 39,452</u>	<u>\$ 39,452</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.

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
Other governmental funds	\$ 669,832	\$ -
General fund	-	<u>669,832</u>
Total	<u>\$ 669,832</u>	<u>\$ 669,832</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 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:

	Governmental Activities
Property taxes receivable	\$ 172,840
Grants receivable	41,202
Other receivables	<u>17,991</u>
Total	<u>\$ 232,033</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note D – Receivables (Continued)

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.

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	19,558,318	239,293	-	19,797,611
Transportation equipment	1,343,113	100,795	-	1,443,908
Other equipment	<u>389,076</u>	<u>196,094</u>	<u>-</u>	<u>585,170</u>
Total capital assets	21,290,507	536,182	-	21,826,689
Less accumulated depreciation for:				
Buildings and improvements	(7,383,861)	(432,182)	-	(7,816,043)
Transportation equipment	(847,325)	(68,920)	-	(916,245)
Other equipment	<u>(298,182)</u>	<u>(31,235)</u>	<u>-</u>	<u>(329,417)</u>
Total accumulated depreciation	<u>(8,529,368)</u>	<u>(532,337)</u>	<u>-</u>	<u>(9,061,705)</u>
Governmental activities capital assets, net	<u><u>\$ 12,761,139</u></u>	<u><u>\$ 3,845</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,764,984</u></u>
Business-type activities				
Furniture and equipment	\$ 83,300	\$ 4,186	\$ -	\$ 87,486
Less accumulated depreciation	<u>(25,526)</u>	<u>(8,988)</u>	<u>-</u>	<u>(34,514)</u>
Total business-type activities	<u><u>\$ 57,774</u></u>	<u><u>\$ (4,802)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,972</u></u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities					
Unallocated					\$ 418,734
Instruction					19,682
Operations and maintenance					31,966
Student transportation					61,439
Food service					<u>516</u>
Sub-total					532,337
Business-type activities					<u>8,988</u>
Total					<u>\$ 541,325</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 \$609,923. Accordingly, this accrued compensation is reflected as a liability in the accompanying 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	\$ 100,183	\$ 10,288	\$ -	\$ 110,471	\$ -
Capital lease obligations	249,453	-	(45,964)	203,489	47,848
Bonds payable	7,465,000	2,700,000	(3,040,000)	7,125,000	505,000
Bond discount	(30,045)	-	2,239	(27,806)	-
Bond premium	-	96,158	(1,145)	95,013	
Deferred amount on refunding	<u>(185,746)</u>	<u>(145,499)</u>	<u>15,577</u>	<u>(315,668)</u>	<u>-</u>
Total	<u>\$ 7,598,845</u>	<u>\$ 2,660,947</u>	<u>\$ (3,069,293)</u>	<u>\$ 7,190,499</u>	<u>\$ 552,848</u>

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

Payments on the capital lease obligation are made in the Capital Reserve Capital Projects Fund, while the compensated absences 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>
2013	\$ 56,191
2014	56,191
2015	56,191
2016	<u>56,191</u>
Total minimum lease payments	224,764
Less amount representing interest	<u>(21,275)</u>
Present value of future net minimum lease payments	<u>\$ 203,489</u>

Bonds payable

General obligation bonds payable consist of the following individual issues:

\$9,125,000 general obligation bonds dated December 10, 2003. The District issued \$4,200,000 in general obligation refunding bonds (see on following page) on December 1, 2006, to advance refund bonds maturing on and after August 15, 2019.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

The District issued \$2,700,000 in general obligation refunding bonds (see on following page) on June 6, 2012, to advance refund bonds maturing on and after August 15, 2014. Series 2003 bonds maturing in fiscal years 2013 and 2014, with an outstanding aggregate principal balance of \$905,000, are not part of the District's refunding plan.

\$ 905,000

\$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 15th and August 15th.

3,520,000

\$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 15th and August 15th.

2,700,000

Total general obligation bonds

\$ 7,125,000

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>
2013	\$ 505,000	\$ 199,290	\$ 704,290
2014	510,000	198,725	708,725
2015	535,000	184,325	719,325
2016	540,000	173,075	713,075
2017	550,000	161,691	711,691
2018-2022	3,065,000	573,405	3,638,405
2023-2024	<u>1,420,000</u>	<u>57,200</u>	<u>1,477,200</u>
Totals	\$ 7,125,000	\$ 1,547,711	\$ 8,672,711

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

Advance refunding

On June 6, 2012, the District issued \$2,700,000 in general obligation refunding bonds with a fixed interest of 2.00% to advance refund \$2,585,000 of outstanding Series 2003 bonds with varying interest rates of 3.50% to 4.10%. The net proceeds of \$2,730,499 (after premium received on bonds of \$96,158 and payment of \$65,659 in underwriting fees, insurance and other issuance costs) were deposited into an escrow account created pursuant to an agreement between the District and its escrow agent. The moneys in the account were used to purchase United States government securities which will provide for all debt service payments on the advance refunded bonds. As a result, \$2,585,000 of the Series 2003 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The District advance refunded the Series 2003 bonds to reduce its total debt service payments over the next 7 years by \$132,605 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$128,222.

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, \$5,825,000 of bonds outstanding are considered defeased.

Note H – Defined benefit pension plan

Plan description

The District contributes to the Combined State and School District Trust Fund (CSSDTF), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding policy

Plan members and the District are required to contribute to the CSSDTF at a rate set by statute.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District 14.75% of covered salary between July 1 and December 31, 2011 and 15.65% of covered salary between January 1 and June 30, 2012. Also, a portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to the CSSDTF for the years ended June 30, 2012, 2011, and 2010 were \$579,945, \$553,534, and \$539,696, respectively, equal to their required contributions for each year.

Note I – Postemployment healthcare benefits

Plan description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding policy

The District is required to contribute at a rate of 1.02% of covered 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 CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contribution to the HCTF for the years ended June 30, 2012, 2011, and 2010 were \$38,907, \$39,481, and \$41,099, respectively, equal to their required contributions for each year.

Note J – Defined contribution plan

Plan description

The (CSSDTF) members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note J – Defined contribution plan (Continued)

Plan description

The (CSSDTF) members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,000 in 2012). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the District for the year ended June 30, 2012 were \$57,958.

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 \$72,925. 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.

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.

YUMA SCHOOL DISTRICT-1
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

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 \$233,000 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:

- 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 \$167,460.

Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major Special Revenue Fund.

- 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.

YUMA SCHOOL DISTRICT-1**General Fund****Statement of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 4,184,681	\$ 4,009,995	\$ 4,221,392	\$ 211,397
Intermediate sources	7,100	7,100	7,064	(36)
State sources	3,201,507	3,290,507	3,447,705	157,198
Federal sources	251,551	251,132	233,354	(17,778)
Total revenues	7,644,839	7,558,734	7,909,515	350,781
Expenditures				
Instruction	4,327,760	4,327,760	4,374,870	(47,110)
Supporting services	2,577,539	2,577,539	2,510,009	67,530
Appropriated reserves	5,082,148	6,205,598		6,205,598
Total expenditures	11,987,447	13,110,897	6,884,879	6,226,018
Excess of revenues over (under) expenditures	(4,342,608)	(5,552,163)	1,024,636	6,576,799
Other financing uses				
Transfers out	(698,800)	(682,000)	(669,832)	12,168
Excess of revenues over (under) expenditures and other uses	\$ (5,041,408)	\$ (6,234,163)	354,804	\$ 6,588,967
Fund balance at beginning of year			6,281,607	
Fund balance at end of year			\$ 6,636,411	

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.

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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.

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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
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources				
Property taxes	\$ 3,624,003	\$ 3,439,317	\$ 3,440,236	\$ 919
Specific ownership taxes	225,452	225,452	371,033	145,581
Delinquent taxes and interest	12,000	12,000	5,537	(6,463)
Tuition	16,302	16,302	13,132	(3,170)
Earnings on investments	40,000	40,000	25,540	(14,460)
Pupil activities	79,390	79,390	124,285	44,895
Other local sources	187,534	197,534	241,629	44,095
Total local sources	4,184,681	4,009,995	4,221,392	211,397
Intermediate sources	7,100	7,100	7,064	(36)
State sources				
Equalization	2,926,025	3,009,784	3,057,930	48,146
Hold harmless kindergarten			44,935	44,935
Vocational education	49,000	49,000	49,397	397
English language	32,300	32,300	42,488	10,188
Transportation	85,000	85,000	86,275	1,275
Services within the BOCES	109,182	114,423	166,680	52,257
Total state sources	3,201,507	3,290,507	3,447,705	157,198
Federal sources				
Title I	183,619	183,619	156,882	(26,737)
Title II-A	37,633	37,633	31,268	(6,365)
Title II-D			1,715	1,715
Title III	23,340	23,340	20,792	(2,548)
Services within the BOCES	6,969	6,540	22,697	16,157
Total federal sources	251,561	251,132	233,354	(17,778)
Total revenues	<u>\$ 7,644,849</u>	<u>\$ 7,558,734</u>	<u>\$ 7,909,515</u>	<u>\$ 350,781</u>

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YUMA SCHOOL DISTRICT-1
General Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Instruction				
Salaries	\$ 2,760,545	\$ 2,760,545	\$ 2,775,306	\$ (14,761)
Employee benefits	805,933	805,933	939,746	(133,813)
Purchased services	337,457	337,457	384,159	(46,702)
Supplies and materials	340,084	340,084	179,887	160,197
Property	54,651	54,651	68,397	(13,746)
Other	29,090	29,090	27,375	1,715
Total instruction	4,327,760	4,327,760	4,374,870	(47,110)
Supporting services				
Students				
Salaries	49,961	49,961	35,473	14,488
Employee benefits	20,385	20,385	15,025	5,360
Purchased services	1,700	1,700	1,430	270
Supplies and materials	600	600	157	443
Other	200	200	15	185
Total students	72,846	72,846	52,100	20,746
Instructional staff				
Salaries	66,121	66,121	63,825	2,296
Employee benefits	26,513	26,513	19,785	6,728
Purchased services	17,658	17,658	26,599	(8,941)
Supplies and materials	19,628	19,628	10,304	9,324
Property	968	968		968
Other	5,705	5,705	2,870	2,835
Total instructional staff	136,593	136,593	123,383	13,210
General administration				
Salaries	124,226	124,226	136,024	(11,798)
Employee benefits	39,998	39,998	42,256	(2,258)
Purchased services	80,798	80,798	75,887	4,911
Supplies and materials	12,900	12,900	5,261	7,639
Property	4,000	4,000	1,751	2,249
Other	14,500	14,500	17,184	(2,684)
Total general administration	276,422	276,422	278,363	(1,941)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
School administration				
Salaries	421,332	421,332	456,357	(35,025)
Employee benefits	117,732	117,732	122,137	(4,405)
Purchased services	14,235	14,235	8,573	5,662
Supplies and materials	2,067	2,067	607	1,460
Property	2,450	2,450	450	2,000
Total school administration	557,816	557,816	588,124	(30,308)
Business services				
Salaries	58,989	58,989	58,989	-
Employee benefits	18,917	18,917	18,812	105
Purchased services	10,000	10,000	3,408	6,592
Other			5,348	(5,348)
Total business services	87,906	87,906	86,557	1,349
Operations and maintenance				
Salaries	217,394	217,394	210,047	7,347
Employee benefits	72,535	72,535	68,755	3,780
Purchased services	316,120	316,120	253,759	62,361
Supplies and materials	329,998	329,998	349,819	(19,821)
Property	5,400	5,400	6,537	(1,137)
Other	1,000	1,000	1,086	(86)
Total operations and maintenance	942,447	942,447	890,003	52,444
Student transportation services				
Salaries	125,133	125,133	119,896	5,237
Employee benefits	39,919	39,919	39,007	912
Purchased services	44,000	44,000	35,502	8,498
Supplies and materials	116,200	116,200	96,523	19,677
Property	2,000	2,000	782	1,218
Total student transportation services	327,252	327,252	291,710	35,542

(Continued)

YUMA SCHOOL DISTRICT-1
General Fund
Schedule of Expenditures
Budget and Actual
For the Year Ended June 30, 2012

(Continued)	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Central support services				
Salaries	36,000	36,000	41,248	(5,248)
Employee benefits	9,405	9,405	10,633	(1,228)
Purchased services	11,571	11,571	15,228	(3,657)
Supplies and materials	1,500	1,500	1,035	465
Property	1,000	1,000	9,281	(8,281)
Total central support services	59,476	59,476	77,425	(17,949)
Other support services				
Salaries	18,100	18,100	11,453	6,647
Employee benefits	247	247	(21)	268
Purchased services	8,000	8,000	8,915	(915)
Total other support services	26,347	26,347	20,347	6,000
Community services				
Purchased services			450	(450)
Supplies and materials			209	(209)
Total community services	-	-	659	(659)
Facilities acquisition				
Property	90,434	90,434	101,338	(10,904)
Total facilities acquisition	90,434	90,434	101,338	(10,904)
Total supporting services	2,577,539	2,577,539	2,510,009	67,530
Appropriated reserves	5,082,148	6,205,598		6,205,598
Total expenditures	<u>\$ 11,987,447</u>	<u>\$ 13,110,897</u>	<u>\$ 6,884,879</u>	<u>\$ 6,226,018</u>

Nonmajor Governmental Funds

The District reports the following nonmajor governmental funds:

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

- 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.

YUMA SCHOOL DISTRICT-1
Capital Reserve Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)	
	Original	Final	Actual		
Revenues					
Earnings on investments	\$ 150	\$ 150	\$ 43	\$ (107)	
Expenditures					
Capital outlay					
Purchased services	159,600	159,600	83,330	76,270	
Supplies and materials	20,000				-
Building improvements	221,500	236,700	239,293	(2,593)	
Equipment	184,700	184,700	181,869	2,831	
Vehicles	101,000	101,000	100,796	204	
Other	12,000		8,353	(8,353)	
Debt service					
Principal payments			45,964	(45,964)	
Interest and fiscal charges			10,228	(10,228)	
Total expenditures	698,800	682,000	669,833	68,359	
Excess of revenues over (under) expenditures	(698,650)	(681,850)	(669,790)	12,060	
Other financing sources					
Transfer in	698,800	682,000	669,832	(12,168)	
Excess of revenues and other financing sources over (under) expenditures	\$ 150	\$ 150	42	\$ (108)	
Fund balance at beginning of year			335		
Fund balance at end of year			\$ 377		

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
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 838,951	\$ 838,951	\$ 737,668	\$ (101,283)
Delinquent taxes and interest			1,039	1,039
Earnings on investments			59	59
Total revenues	838,951	838,951	738,766	(100,185)
Expenditures				
Debt service				
Purchased services	9,250	9,250	66,066	(56,816)
Principal retirement	470,000	470,000	455,000	15,000
Interest and fiscal charges	359,701	359,701	278,750	80,951
Appropriated reserves	1,214,120	1,026,935		1,026,935
Total expenditures	2,053,071	1,865,886	799,816	1,066,070
Excess of revenues over (under) expenditures	(1,214,120)	(1,026,935)	(61,050)	965,885
Other financing sources (uses)				
Proceeds of refunding bonds			2,700,000	2,700,000
Premium on bonds			96,158	96,158
Payment to escrow agent			(2,730,499)	(2,730,499)
Total other financing sources (uses)	-	-	65,659	65,659
Excess of revenues and other sources over (under) expenditures and other (uses)	\$ (1,214,120)	\$ (1,026,935)	4,609	\$ 1,031,544
Fund balance at beginning of year			1,026,935	
Fund balance at end of year			\$ 1,031,544	

Nonmajor Proprietary Funds

The District reports the following nonmajor proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other 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****Statement of Revenues, Expenses and Changes in Net Assets****Budget and Actual****For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues				
Charges for services	\$ 68,350	\$ 68,350	\$ 68,161	\$ (189)
Operating expenses				
Salaries and benefits	157,331	120,172	152,510	(32,338)
Purchased services	11,100	11,100	8,591	2,509
Supplies and materials	172,991	172,991	176,342	(3,351)
Property	16,900	16,900	6,735	10,165
Depreciation			8,989	(8,989)
Appropriated reserves	100,440	139,079		139,079
Total operating expenses	458,762	460,242	353,167	107,075
Operating loss	(390,412)	(391,892)	(285,006)	106,886
Nonoperating revenues				
Federal aid				
Nutrition reimbursements	221,000	221,000	236,472	15,472
Commodities	18,723	18,723	17,236	(1,487)
State aid	6,150	6,150	6,253	103
Earnings on investments	400	400	118	(282)
Total nonoperating revenues	246,273	246,273	260,079	13,806
Change in net assets	\$ (144,139)	\$ (145,619)	(24,927)	\$ 120,692
Net assets at beginning of year			145,619	
Net assets at end of year			\$ 120,692	

Fiduciary Funds

These funds focus on net assets and changes in net assets. 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
Schedule of Additions, Deductions and Changes in Fund Liabilities
Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Additions				
Fundraising and other events	\$ 600,000	\$ 600,000	\$ 232,224	\$ (367,776)
Deductions				
Pupil activity expenditures	600,000	600,000	218,965	381,035
Excess of additions over (under) deductions	\$ -	\$ -	13,259	\$ 13,259
Due to student groups at beginning of year				149,169
Due to student groups at end of year				\$ 162,428

**Colorado Department of Education
Supplementary Schedule**

Auditors' electronic financial data integrity check figures 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.

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Certified Public Accountants

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Independent Auditors' Report on Supplementary Schedule

Board of Education
Yuma School District-1
Yuma, Colorado

We have audited the basic financial statements of the Yuma School District-1 (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. The basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Auditors' Electronic Financial Data Integrity Check Figures Report is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information is presented in accordance with the requirements of the Colorado Department of Education. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
November 27, 2012

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	Total Revenues & Other Sources	Total Expenditures & Other Uses	& Prior Per Adj (6880*)	Ending Fund Balance
Governmental					
10 General Fund	6,234,163	7,132,724	6,776,844	6,590,042	
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0	
19 Colorado Preschool Program Fund	47,444	106,959	108,034	46,369	
Subtotal	6,281,607	7,239,683	6,884,878	6,636,412	
11 Charter School Fund	0	0	0	0	
20,26-29 Special Revenue Fund	0	0	0	0	
21 Capital Reserve Spec Revenue Fund	0	0	0	0	
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	1,026,935	3,534,924	3,530,315	1,031,544	
39 Non-Voter Approved 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	335	669,874	669,832	377	
TOTALS	7,308,877	11,444,482	11,085,026	7,668,333	
Proprietary					
51 Food Service Fund	145,619	328,240	353,166	120,692	
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	145,619	328,240	353,166	120,692	
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	149,169	232,224	218,965	162,428	
79 GASB 34: Permanent Fund	0	0	0	0	
85 Foundations	0	0	0	0	
TOTALS	149,169	232,224	218,965	162,428	

*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.

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Program: fdrch.sqr

File: fd3200.dic

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