

**PLATTE CANYON SCHOOL DISTRICT NO. 1
BAILEY, COLORADO**

FINANCIAL STATEMENTS

June 30, 2016



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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Education
Platte Canyon School District No. 1
Bailey, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of June 30, 2016, and the respective changes in financial position, and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share, and the schedule of the District's contributions on pages 30-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements and schedules that collectively comprise Platte Canyon School District No. 1's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luthr & Associates, LLC

December 27, 2016

Management's Discussion and Analysis

The discussion and analysis of Platte Canyon School District RE 1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999.

Financial Highlights

- The liabilities and deferred inflows of Platte Canyon School District RE 1 totaled \$21,990,730 and exceeded its assets and deferred outflows of 29,226,603 at the close of June 30, 2016 by \$(7,235,873) (net position) as reported in the government-wide financial statements. The overall negative net position of \$7,235,873 is due to the implementation of new GASB Statement No. 68 on pension disclosures which reflects the District's proportionate share of the pension plan's unfunded pension liability.
- The District's governmental funds received total revenues of \$11,253,416. Expenditures totaled \$11,271,895. The beginning governmental funds balance was \$3,179,738. The ending balance is \$4,451,798 for a net change of \$1,272,060.
- Revenues and Capital Lease Proceeds for the District's largest fund, the General Fund, totaled \$10,814,207 General Fund expenditures and transfers out totaled \$9,492,425. The beginning General Fund (including the Capital Projects fund) balance was \$2,219,658. The ending balance was \$3,541,440 for a net change of \$1,321,782.
- The Food Services Non-major Governmental Fund has beginning fund balance of \$19,724 and ending balance of \$6,351. Food Services revenue of \$243,783 and expenses of \$277,156 resulting in a net loss of \$(33,373). A transfer of 20,000 from the General Fund reduced this loss to \$(13,373).
- The Swimming Pool Non-major Governmental Fund had beginning fund balance of \$74,582 and ending balance of \$87,083 Swimming Pools revenue of \$175,688 and expenses of \$163,187 for a net gain of \$12,501.

Overview of the Financial Statements

The Platte Canyon School District RE 1 basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the year. All changes in the Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year end).

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 District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Fund tracking is reported in the auditor's report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, outflows, liabilities, and deferred inflows, with the difference deferred between the assets/deferred outflows and liabilities/deferred inflows being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Platte Canyon School District RE 1, liabilities and deferred inflows exceeded assets and deferred outflows by \$(7,235,873) on June 30, 2016. \$257,000 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Management's Discussion and Analysis

<i>Statement of Net Position</i>	<u>2016</u>	<u>2015</u>
Current Assets	\$3,876,173	\$ 3,876,173
Capital and Other Assets	<u>14,196,479</u>	<u>14,192,673</u>
Total Assets	19,553,256	18,068,846
Deferred Outflows of Resources	2,437,474	918,488
Current Liabilities	\$ 802,574	\$ 603,316
Noncurrent Liabilities Due in 1 Year	729,451	657,429
Noncurrent Liabilities	<u>26,394,879</u>	<u>24,351,673</u>
Total Liabilities	27,926,904	25,612,418
Deferred Inflows of Resources	1,299,699	869,170
Net Investment in Capital Assets	7,985,759	7,176,346
Restricted for Debt Service	816,924	94,306
Restricted for Emergencies (Tabor)	257,000	272,000
Unrestricted	<u>(16,295,556)</u>	<u>(15,036,906)</u>
Total Net Position	<u>\$ (7,235,873)</u>	<u>\$ (7,494,254)</u>

<i>Change in Net Position</i>	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues		
Charges for Services	\$ 324,267	\$ 393,345
Operating Grants and Contributions	1,315,613	999,023
General Revenues		
State Equalization	5,317,713	5,105,346
Specific Ownership Taxes	421,622	382,593
Local Property Taxes	3,481,114	3,323,731
Other Revenues	381,685	258,305
Interest Income	<u>9,759</u>	<u>2,727</u>
Total Revenues	11,251,773	10,465,070
Expenses		
Instruction	\$ 5,393,244	\$ 5,341,099
Support Services	5,480,929	5,255,450
Debt Service Interest and Fiscal Charges	<u>119,219</u>	<u>282,728</u>
Total Expenses	10,993,392	10,879,277
Increase (Decrease) in Net Position	258,381	(414,207)
Net Position, beginning,	<u>(7,494,254)</u>	<u>(7,080,047)</u>
Net Position, ending	<u>\$ (7,235,873)</u>	<u>\$ (7,494,254)</u>

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Platte Canyon School District RE 1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Platte Canyon School District RE 1's governmental funds is to provide information on near-term outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the 2016 fiscal year, Platte Canyon School District RE 1's governmental funds reported a combined ending fund balance of \$4,451,798; an increase of \$1,272,060. The unassigned fund balance at the end of the 2016 fiscal year was \$2,088,167. For fiscal year 2016, the activities related to the Capital Projects Fund are combined with the General Fund. The Governmental Designated Grants Special Revenue fund reported grant awards received and expenditures made primarily for instruction to students and handicapped services. Ad valorem taxes collected under a specific levy to meet debt-service requirements of the long-term general obligation bonds are reported in the Debt Service Fund. At the end of the 2016 fiscal year, the fund balance in the debt service fund was \$816,924.

The Food Services fund had a fund balance of \$6,351 at the end of the 2016 fiscal year. The fiscal year end fund balance for the Swimming Pool fund was \$87,083.

General Fund Budgetary Highlights

The 2015-2016 budget continued to support the District's mission of "promoting educational excellence in safe schools." included the following priorities: (1) maintaining most existing educational programs and extra-curricular activities for students and (2) maintaining teacher-student ratios close to FY 2015 levels (3) purchase educational technology.

In the General Fund, revenues exceeded expenditures by \$1,321,782 leaving a fund balance of \$3,541,440.

Capital Asset and Debt Administration

Capital assets. The Platte Canyon School District RE 1's investment in capital assets for governmental activities as of June 30, 2016 amounts to \$14,196,479 (net of accumulated depreciation). This investment in capital assets includes land, buildings, service vehicles, buses and playground, office and instructional equipment.

Long-term debt. On September 3, 2015 the district issued General Obligation Refunding Bonds series 2015 in the amount of \$5,995,000. Proceeds of these bonds were used to advance refund the 2005 General Obligation Bonds. The refinancing of the bonds was resulted in a better interest rate and saving the taxpayers interest costs over the life of the scheduled payments. The 2015 General Obligation Refunding Bonds will be due in annual installments through December 1, 2023. Payments for the general obligation bonds are made from the Debt Service Fund. The 2016 fiscal year end outstanding principal balance of the 2015 bonds is \$5,905,000.

Management's Discussion and Analysis

In March 2016, the District entered into a capital lease agreement with Huntington Public Capital Corporation for energy conservation measures. Proceeds of the lease are used to finance various equipment and energy saving measures throughout the District's facilities. Annual lease payments are due beginning in May 2017 through May 2031. The 2016 fiscal year end outstanding principal balance of the lease is \$1,194,574

Economic Factors and Next Year's Budget

The Fiscal Year 2017 budget of \$14,731,693 is an increase of \$377,724 from the final Fiscal Year 2016 budget of \$14,353,969. The state's negative factor for school funding continues to significantly decrease revenues for general operations. This factor is the reduction in school funding due to the state's budget shortfall.

The FY 2017 General Fund Budget of \$12,038,600 is \$535,600 higher than the 2016 General Fund Budget. Salaries, Professional services, other purchased services, supply allocations and equipment accounts have been adjusted across schools and in District departments.

The General Fund Budget was developed with the following priority considerations: (1) Maintain the current Program of Studies and existing extra-curricular programs; (2) Maintain approximately the same staff-student ratios. Support Standard Based Instructional System Improvements: Interim Benchmarks Assessment, Stem Lab Coordinator, Curriculum and Assessment Coordinator, Math textbooks for DCES. (3) Support operations that enhance District overall performance: provide a salary step increase for teachers and 2% for other positions, increase preschool by 1 full day tuition based classroom, purchase 1 additional bus, maintain 21st Century Skills classroom and technology systems. (4) Maintain Tabor and General Fund Contingency Reserves at \$1,300,000.

With all of the funding reductions, the budget continues to support the District's mission of promoting educational excellence in safe schools. The Board's goals/expectations for safe schools, positive educational environments, student achievement at proficient or advanced levels, positive school-community relationships, and effective and efficient school and District management continue to be a focus. Board priorities have been addressed with increased dollars included for staff development and maintenance of class sizes.

Requests for Information

This financial report is designed to provide a general overview of Platte Canyon School District RE 1's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director Business Services, Platte Canyon School District, 57393 US Hwy 285 or P.O. Box 1069, Bailey, Colorado 80421.

BASIC FINANCIAL STATEMENTS

PLATTE CANYON SCHOOL DISTRICT NO.1

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$ 3,642,869	\$ 3,316,805
Restricted Cash and Investments	1,194,574	-
Taxes Receivable	219,908	235,322
Grants Receivable	236,126	104,258
Accounts Receivable	42,228	199,899
Prepaid Expenses	1,699	-
Inventories	19,373	19,889
Capital Assets, Not Depreciated	1,563,578	1,360,530
Capital Assets, Depreciated		
Net of Accumulated Depreciation	<u>12,632,901</u>	<u>12,832,143</u>
TOTAL ASSETS	<u>19,553,256</u>	<u>18,068,846</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	2,425,411	918,488
Deferred Charges	<u>12,063</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,437,474</u>	<u>918,488</u>
LIABILITIES		
Accounts Payable	249,253	58,773
Accrued Salaries and Benefits	488,147	520,189
Unearned Revenues	52,386	637
Accrued Interest	12,788	23,717
Noncurrent Liabilities		
Due Within One Year	729,451	657,429
Due in More Than One Year	6,831,496	6,358,898
Net Pension Liability	<u>19,563,383</u>	<u>17,992,775</u>
TOTAL LIABILITIES	<u>27,926,904</u>	<u>25,612,418</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>1,299,699</u>	<u>869,170</u>
NET POSITION		
Net Investment in Capital Assets	7,985,759	7,176,346
Restricted for Debt Service	816,924	94,306
Restricted for Emergencies	257,000	272,000
Unrestricted	<u>(16,295,556)</u>	<u>(15,036,906)</u>
TOTAL NET POSITION	<u>\$ (7,235,873)</u>	<u>\$ (7,494,254)</u>

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

PLATTE CANYON SCHOOL DISTRICT NO.1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		Charges for Services	Operating Grants and Contributions	GOVERNMENTAL ACTIVITIES	
				2016	2015
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 5,393,244	\$ -	\$ 990,537	\$ (4,402,707)	\$ (4,661,535)
Supporting Services	5,497,289	324,267	341,436	(4,831,586)	(4,542,646)
Interest and Fiscal Charges	119,219	-	-	(119,219)	(282,728)
Total Governmental Activities	<u>\$ 11,009,752</u>	<u>\$ 324,267</u>	<u>\$ 1,331,973</u>	<u>(9,353,512)</u>	<u>(9,486,909)</u>
GENERAL REVENUES					
				3,481,114	3,323,731
Local Property Taxes				421,622	382,593
Specific Ownership Taxes				5,317,713	5,105,346
State Equalization				381,685	258,305
Other Revenues				9,759	2,727
Earnings on Investments					
TOTAL GENERAL REVENUES				<u>9,611,893</u>	<u>9,072,702</u>
CHANGE IN NET POSITION				258,381	(414,207)
NET POSITION, Beginning,				<u>(7,494,254)</u>	<u>(7,080,047)</u>
NET POSITION, Ending				<u>\$ (7,235,873)</u>	<u>\$ (7,494,254)</u>

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL	GRANT	BOND REDEMPTION	OTHER GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 2,708,117	\$ -	\$ 800,686	\$ 134,066
Restricted Cash and Investments	1,194,574	-	-	-
Taxes Receivable	177,950	-	41,958	-
Grants Receivable	-	236,126	-	-
Accounts Receivable	14,112	-	-	28,116
Prepaid Expenses	-	-	-	1,699
Inventories	-	-	-	19,373
Due from Other Funds	248,275	-	-	-
TOTAL ASSETS	\$ 4,343,028	\$ 236,126	\$ 842,644	\$ 183,254
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 234,077	\$ 15,135	\$ -	\$ 41
Accrued Salaries and Benefits	449,299	26,864	-	11,984
Unearned Revenues	28,739	23,647	-	-
Due to Other Funds	-	170,480	-	77,795
TOTAL LIABILITIES	712,115	236,126	-	89,820
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	89,473	-	25,720	-
FUND BALANCES				
Nonspendable	-	-	-	21,072
Restricted for Emergencies	257,000	-	-	-
Restricted for Capital Projects	1,194,574	-	-	-
Restricted for Food Service	-	-	-	-
Restricted for Debt Service	-	-	816,924	-
Committed for Capital Purchases	-	-	-	-
Assigned for Swimming Pool	-	-	-	74,061
Unassigned	2,089,866	-	-	(1,699)
TOTAL FUND BALANCES	3,541,440	-	816,924	93,434
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 4,343,028	\$ 236,126	\$ 842,644	\$ 183,254

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.

Long-term liabilities, including bonds payable (\$5,905,000), capital lease payable (\$1,194,574), bond premium (\$305,720), accrued interest (\$12,788), compensated absences (\$155,653) and deferred charges \$12,063 are not due and payable in the current period and are not report in the funds.

Long-term liabilities related to pensions, including net pension liability (\$19,563,383), deferred inflows (\$1,299,699), and deferred outflows \$2,425,411 are not due and payable in the current period and are not report in the funds.

Net position of governmental activities

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

TOTALS

2016	2015
\$ 3,642,869	\$ 3,316,805
1,194,574	-
219,908	235,322
236,126	104,258
42,228	199,899
1,699	-
19,373	19,889
248,275	70,730
\$ 5,605,052	\$ 3,946,903
\$ 249,253	\$ 58,773
488,147	520,189
52,386	637
248,275	70,730
1,038,061	650,329
115,193	116,836
21,072	19,889
257,000	272,000
1,194,574	-
-	(165)
816,924	865,774
-	318,972
74,061	74,582
2,088,167	1,628,686
4,451,798	3,179,738
14,196,479	14,192,673
115,193	116,836
(7,561,672)	(7,040,044)
(18,437,671)	(17,943,457)
\$ (7,235,873)	\$ (7,494,254)

PLATTE CANYON SCHOOL DISTRICT 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	GENERAL	GRANT	BOND REDEMPTION	OTHER GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 3,276,444	\$ -	\$ 792,931	\$ 271,220
County Sources	279,495	-	-	-
State Sources	6,063,694	-	-	14,372
Federal Sources	-	421,381	-	150,239
TOTAL REVENUES	<u>9,619,633</u>	<u>421,381</u>	<u>792,931</u>	<u>435,831</u>
EXPENDITURES				
Current				
Instruction	4,721,147	331,090	-	-
Supporting Services	4,623,444	90,291	94,321	456,703
Capital Outlay	127,834	-	-	-
Debt Service				
Principal	-	-	715,000	-
Interest and Fiscal Charges	-	-	128,425	-
TOTAL EXPENDITURES	<u>9,472,425</u>	<u>421,381</u>	<u>937,746</u>	<u>456,703</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>147,208</u>	<u>-</u>	<u>(144,815)</u>	<u>(20,872)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	-	-	6,338,935	-
Payments to Escrow Agent	-	-	(6,242,970)	-
Proceeds from Capital Lease	1,194,574	-	-	-
Transfers In	-	-	-	20,000
Transfers Out	(20,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,174,574</u>	<u>-</u>	<u>95,965</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES	1,321,782	-	(48,850)	(872)
FUND BALANCES, Beginning	<u>2,219,658</u>	<u>-</u>	<u>865,774</u>	<u>94,306</u>
FUND BALANCES, Ending	<u>\$ 3,541,440</u>	<u>\$ -</u>	<u>\$ 816,924</u>	<u>\$ 93,434</u>

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

TOTALS

2016	2015
\$ 4,340,595	\$ 4,197,943
279,495	201,445
6,078,066	5,546,868
571,620	557,501
11,269,776	10,503,757
5,052,237	4,976,890
5,264,759	4,527,502
127,834	229,768
715,000	595,000
128,425	299,480
11,288,255	10,628,640
(18,479)	(124,883)
6,338,935	-
(6,242,970)	-
1,194,574	-
20,000	45,000
(20,000)	(45,000)
1,290,539	-
1,272,060	(124,883)
3,179,738	3,304,621
\$ 4,451,798	\$ 3,179,738

PLATTE CANYON SCHOOL DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 1,272,060
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$633,014 depreciation expense (\$629,208) in the current period.	3,806
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.	(1,643)
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(7,533,509)
Repayments of bond principal \$715,000, decrease in accrued interest \$10,929, amortization of bond premium \$38,215, amortization of deferred charges (\$1,723), decrease in compensated absences \$6,490, and payments to escrow agent \$6,242,970 are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position.	7,011,881
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.	<u>(494,214)</u>
Change in net position of governmental activities	<u>\$ 258,381</u>

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	<u>\$ 124,292</u>	<u>\$ 127,681</u>
LIABILITIES		
Accounts Payable	\$ 7,538	\$ 1,243
Due to Student Groups	<u>116,754</u>	<u>126,438</u>
TOTAL LIABILITIES	<u>\$ 124,292</u>	<u>\$ 127,681</u>

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Platte Canyon School District No. 1 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the above criteria, no organizations are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

In the fund financial statements, the District reports the following major funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Grants Fund* accounts for Federal, State and local grants received by the District.

The *Bond Redemption Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations of the District.

Additionally, the District reports the following fund types:

The *Agency Fund* is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventories are valued at the lower of cost (first-in, first-out) or market.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives.

Land Improvements	20 to 50 years
Buildings	10 to 50 years
Equipment	10 to 20 years

Unearned Revenues – The unearned revenues include amounts received but not yet available for expenditure.

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

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

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. These compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

Long-term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and 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 issued 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 current expenditures.

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The District reports inventory and prepaid items as nonspendable resources as of June 30, 2016.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Position (Continued)

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified the fund balance in the Bond Redemption Fund as being restricted as funds are restricted for the payment of the District's debt. A portion of the Food Service Fund fund balance is restricted for food service expenditures.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports a portion of the General Fund balance as committed to capital purchases as of June 30, 2015. No amounts were committed for the year ended June 30, 2016.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Swimming Pool Fund as assigned because their use has been designated for a specific purpose.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Funds which budget on a Non-GAAP basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By 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. All budgets lapse at year end.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year.
- Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal year end because they have lapsed and are pending reinstatement.

Compliance

At June 30, 2016, actual expenditures in the Bond Redemption Fund exceeded budgeted amounts by \$5,528,963 due to the District not budgeting other financing sources and uses related to the bond refunding. This may be a violation of state statute.

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 200
Deposits	734,480
Held by Third Party	1,194,574
Investments	<u>3,032,481</u>
Total Cash and Investments	<u>\$ 4,961,735</u>

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 4,837,443
Fiduciary Funds	<u>124,292</u>
Total	<u>\$ 4,961,735</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2016, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2016, the District had deposits with financial institutions with a carrying amount of \$734,480. The bank balances with the financial institutions were \$741,497. Of these balances, \$281,501 was covered by federal depository insurance and \$459,996 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

The above investments are authorized for all funds and fund types used by Colorado school districts.

The District had invested \$3,032,480 in the Colorado Government Liquid Asset Trust (COLOTRUST); an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. The fund operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. ColoTrust is rated AAAM by Standard and Poor's.

Restricted Cash and Investments

The District has funds held at Huntington Public Capital Corp in the amount of \$1,194,574. The funds are invested in money market funds and are restricted for the District's solar energy lease.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 4: INTERFUND BALANCES AND TRANSFERS

The District made the following transfers during the year.

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Food Service Fund	General Fund	<u>\$ 20,000</u>

The General Fund transferred funds to the Food Service fund to cover operating expenses.

Interfund activity as of and for the year ended June 30, 2016 consisted of the following:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Grants Fund	\$ 170,480
General Fund	Food Service Fund	<u>77,795</u>
	Total	<u>\$ 248,275</u>

The General Fund paid expenditures on behalf of the Grant Fund and the Food Service Fund.

NOTE 5: CAPITAL ASSETS

	Balances <u>06/30/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/16</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 1,360,530	\$ -	\$ -	\$ 1,360,530
Construction in Progress	<u>-</u>	<u>203,048</u>	<u>-</u>	<u>203,048</u>
Total Capital Assets, not depreciated	<u>\$ 1,360,530</u>	<u>203,048</u>	<u>-</u>	<u>1,563,578</u>
Capital Assets, depreciated				
Buildings	22,288,462	421,702	-	22,710,164
Site Improvements	1,832,993	-	-	1,832,993
Equipment	<u>1,901,864</u>	<u>8,264</u>	<u>-</u>	<u>1,910,128</u>
Total Capital Assets, depreciated	<u>26,023,319</u>	<u>429,966</u>	<u>-</u>	<u>26,453,285</u>
Less Accumulated Depreciation				
Buildings	10,685,713	485,536	-	11,170,758
Site Improvements	1,072,696	59,855	-	1,132,551
Equipment	<u>1,432,767</u>	<u>84,308</u>	<u>-</u>	<u>1,517,075</u>
Total Accumulated Depreciation	<u>13,191,176</u>	<u>629,208</u>	<u>-</u>	<u>13,820,384</u>
Total Capital Assets, depreciated, Net	<u>12,832,143</u>	<u>(199,242)</u>	<u>-</u>	<u>12,632,901</u>
Governmental Activities, Capital Assets, Net	<u>\$ 14,192,673</u>	<u>\$ 3,806</u>	<u>\$ -</u>	<u>\$ 14,196,479</u>

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 5: CAPITAL ASSETS (Continued)

Depreciation expense was charged to the Supporting Services functions/programs of the District.

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, were \$449,299, \$26,864 and \$11,984 in the General, Grants and Food Service Funds, respectively.

NOTE 7: LONG-TERM DEBT

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2016:

	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/16</u>	Due In <u>One Year</u>
General Obligation					
2005 Bonds	\$ 6,740,000	\$ -	\$ 6,740,000	\$ -	\$ -
2015 Bonds	-	5,995,000	90,000	5,905,000	685,000
Bond Premium	114,184	343,935	152,399	305,720	-
Capital Lease	-	1,194,574	-	1,194,574	44,451
Compensated Absences	<u>162,143</u>	<u>-</u>	<u>6,490</u>	<u>155,653</u>	<u>-</u>
Total	<u>\$ 7,016,327</u>	<u>\$ 7,533,509</u>	<u>\$ 6,988,889</u>	<u>\$ 7,560,947</u>	<u>\$ 729,451</u>

2005 General Obligation Bonds

On May 15, 2005, the District issued General Obligation Refunding Bonds Series 2005, in the amount of \$9,535,000. These bonds are due in annual installments through December 1, 2023. These bonds bear interest ranging from 3% to 5% payable annually on June and December 1. The bonds were advance refunded in 2015 using proceeds from the 2015 General Obligation Refunding Bonds.

2015 General Obligation Refunding Bonds

In September 2015, the District issued \$5,995,000 of General Obligation Refunding Bonds, Series 2015. Proceeds from the bonds were used to refund the District's outstanding 2005 General Obligation Bonds and to pay costs of issuance. These bonds are due in annual installments through December 1, 2023. These bonds bear interest ranging from 2% to 4% payable annually on June and December 1.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 7: LONG-TERM DEBT (Continued)

Debt Service requirements to maturity for the bonds are as follows:

<u>Year Ended</u> <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 685,000	146,600	831,600
2018	705,000	132,700	837,700
2019	720,000	118,450	838,450
2020	730,000	103,950	833,950
2021	735,000	89,300	824,300
2022-2024	<u>2,330,000</u>	<u>136,375</u>	<u>2,466,375</u>
Total	<u>\$ 5,905,000</u>	<u>\$ 727,375</u>	<u>\$ 6,632,375</u>

Capital Lease

In March 2016 the District entered into a capital lease agreement with Huntington Public Capital Corporation for energy conservation measures. Proceeds of the lease are used to finance equipment for various energy saving measures throughout the District's facilities. The lease carries an interest rate of 2.85%. Annual lease payments ranging from \$61,474 to \$125,474 are due beginning in May 2017 through May 2031.

Future Debt Service Requirements

Following is a schedule of the future minimum lease payments required under the capital lease obligation at June 30, 2016:

<u>Year Ended June 30,</u>	
2017	\$ 80,199
2018	84,862
2019	92,556
2020	97,798
2021	95,140
2022-2026	531,602
2027-2031	<u>511,966</u>
Total Minimum Lease Payments	1,494,123
Less: Interest	<u>(299,549)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,194,574</u>

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 7: LONG-TERM DEBT (Continued)

Advance Refunding

The District issued \$5,995,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$6,115,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$13,786. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next six years by \$595,731 and resulted in an economic gain of \$552,715.

Defeased Debt

As of June 30, 2016, defeased bonds in the amount of \$5,460,000 were still outstanding.

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

BOCES

The District, in conjunction with other surrounding districts, created the Mt. Evans Board of Cooperative Educational Services (the "BOCES"). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. The BOCES financial statements can be obtained at their office located at 320 Highway 103, Idaho Springs, CO 80452.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF. Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.00%
Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF District were \$1,034,111 for the year ended June 30, 2016.

At June 30, 2016 the District reported a liability of \$19,563,383 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District proportion was .12791%, which was a decrease of 0.00484% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$1,528,326. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$258,337	\$846
Changes of assumptions or other inputs	N/A	\$276,465
Net difference between projected and actual earnings on pension plan investments	\$1,674,755	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	N/A	\$1,022,388
Contributions subsequent to the measurement date	\$492,319	N/A
Total	\$2,425,411	\$1,299,699

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

\$492,319 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ (64,526)
2018	\$ 32,046
2019	\$ 324,766
2020	\$ 341,107

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation percent	3.90 – 10.10
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

NOTE 9: DEFINED BENEFIT PENSION PLAN(Continued)

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

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN(Continued)

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$25,359,862	\$19,563,383	\$14,741,794

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

Other Post-Employment Benefits

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2014, 2015, and 2016, the District's employer contributions to the HCTF were \$57,551, \$56,446, and \$54,690 respectively, equal to their required contributions for each year.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The District continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or District coverage in any of the past three years.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1997, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1997-98 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund in the amount of \$257,000 has been recorded as an emergency reserve in accordance with the Amendment.

NOTE 12: DEFICIT NET POSITION

The Net Position of the government type activities is a deficit of \$7,235,873; due to the District including the Net Pension Liability per GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Property Taxes	\$ 2,475,700	\$ 2,505,500	\$ 2,591,180	\$ 85,680	\$ 2,367,559
Specific Ownership Taxes	380,000	378,000	421,622	43,622	382,593
Tuition	227,300	230,000	154,568	(75,432)	243,942
Earnings on Investments	1,000	1,000	6,884	5,884	1,497
All Other Local Revenue Codes	61,700	78,800	102,190	23,390	56,860
Total Local Sources	<u>3,145,700</u>	<u>3,193,300</u>	<u>3,276,444</u>	<u>83,144</u>	<u>3,052,451</u>
County Sources	<u>229,200</u>	<u>156,500</u>	<u>279,495</u>	<u>122,995</u>	<u>201,445</u>
State and Federal Sources					
State Equalization	5,063,600	5,065,214	5,317,713	252,499	5,105,346
Vocational Educations	25,000	30,600	23,386	(7,214)	36,984
Exceptional Children's Education Act	-	-	1,380	1,380	28,500
Transportation	200,000	183,300	193,185	9,885	183,486
All Other State and Federal Revenue	179,500	694,428	528,030	(166,398)	180,753
Total State and Federal Sources	<u>5,468,100</u>	<u>5,973,542</u>	<u>6,063,694</u>	<u>90,152</u>	<u>5,535,069</u>
TOTAL REVENUES	<u>8,843,000</u>	<u>9,323,342</u>	<u>9,619,633</u>	<u>296,291</u>	<u>8,788,965</u>
EXPENDITURES					
Instruction					
Salaries	3,390,400	3,389,100	3,277,316	111,784	3,325,523
Employee Benefits	1,182,100	1,156,100	1,001,300	154,800	871,982
Purchased Services	382,900	339,200	286,279	52,921	253,714
Supplies and Materials	113,800	153,200	146,169	7,031	143,789
Property	85,100	105,500	52,206	53,294	77,946
Other Objects and Uses	12,800	12,600	10,083	2,517	9,748
Total Instruction	<u>5,167,100</u>	<u>5,155,700</u>	<u>4,773,353</u>	<u>382,347</u>	<u>4,682,702</u>
Supporting Services					
Students					
Salaries	152,700	153,500	151,743	1,757	131,166
Employee Benefits	50,800	49,800	42,942	6,858	35,178
Purchased Services	64,000	245,350	175,044	70,306	187,259
Supplies and Materials	3,100	5,700	1,352	4,348	2,883
Total Students	<u>270,600</u>	<u>454,350</u>	<u>371,081</u>	<u>83,269</u>	<u>356,486</u>

(Continued)

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Instructional Staff					
Salaries	256,100	231,600	186,751	44,849	210,869
Employee Benefits	92,400	74,300	58,694	15,606	56,489
Purchased Services	136,200	145,600	150,721	(5,121)	151,426
Supplies and Materials	15,300	25,900	21,553	4,347	28,298
Property	37,000	31,800	10,199	21,601	31,232
Other Objects and Uses	500	600	542	58	555
Total Instructional Staff	<u>537,500</u>	<u>509,800</u>	<u>428,460</u>	<u>81,340</u>	<u>478,869</u>
General Administration					
Salaries	158,800	158,800	158,896	(96)	142,262
Employee Benefits	44,300	50,800	41,790	9,010	51,633
Purchased Services	31,800	36,500	34,440	2,060	97,349
Supplies and Materials	4,600	3,600	7,554	(3,954)	5,629
Property	3,000	200	863	(663)	815
Other Objects and Uses	15,000	15,000	16,165	(1,165)	13,380
Total General Administration	<u>257,500</u>	<u>264,900</u>	<u>259,708</u>	<u>5,192</u>	<u>311,068</u>
School Administration					
Salaries	527,800	532,600	524,167	8,433	516,912
Employee Benefits	164,900	162,300	156,319	5,981	150,573
Purchased Services	1,300	1,300	1,537	(237)	1,140
Supplies and Materials	6,200	38,200	6,540	31,660	5,414
Property	3,400	3,400	3,237	163	4,357
Other Objects and Uses	2,500	2,600	2,744	(144)	2,319
Total School Administration	<u>706,100</u>	<u>740,400</u>	<u>694,544</u>	<u>45,856</u>	<u>680,715</u>
Business Services					
Salaries	143,300	142,000	136,219	5,781	124,990
Employee Benefits	42,300	41,768	54,411	(12,643)	34,049
Purchased Services	30,400	53,900	36,170	17,730	25,357
Supplies and Materials	29,500	3,500	29,746	(26,246)	25,988
Property	1,000	1,500	1,242	258	214
Other Objects and Uses	500	500	190	310	332
Total Business Services	<u>247,000</u>	<u>243,168</u>	<u>257,978</u>	<u>(14,810)</u>	<u>210,930</u>

(Continued)

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Operations and Maintenance					
Salaries	384,100	404,500	320,651	83,849	309,828
Employee Benefits	151,300	148,200	125,769	22,431	116,251
Purchased Services	438,941	94,600	107,829	(13,229)	103,324
Supplies and Materials	438,000	429,000	379,360	49,640	420,664
Property	3,500	3,500	695	2,805	2,925
Total Operations and Maintenance	<u>1,415,841</u>	<u>1,079,800</u>	<u>934,304</u>	<u>145,496</u>	<u>952,992</u>
Student Transportation					
Salaries	434,500	430,500	433,793	(3,293)	422,223
Employee Benefits	148,200	145,500	135,569	9,931	127,734
Purchased Services	5,100	5,100	6,403	(1,303)	4,110
Supplies and Materials	97,700	102,700	53,825	48,875	84,346
Property	50,600	117,300	50,509	66,791	86,946
Other Objects and Uses	-	-	-	-	37
Total Student Transportation	<u>736,100</u>	<u>801,100</u>	<u>680,099</u>	<u>121,001</u>	<u>725,396</u>
Central Support					
Salaries	82,500	82,500	90,479	(7,979)	128,694
Employee Benefits	25,700	25,300	29,934	(4,634)	31,090
Purchased Services	323,600	797,982	925,046	(127,064)	267,048
Supplies and Materials	26,100	21,200	18,556	2,644	18,873
Property	22,000	26,800	8,883	17,917	25,333
Other Objects and Uses	-	-	-	-	15
Total Central Support	<u>479,900</u>	<u>953,782</u>	<u>1,072,898</u>	<u>(119,116)</u>	<u>471,053</u>
Total Supporting Services	<u>4,650,541</u>	<u>5,047,300</u>	<u>4,699,072</u>	<u>348,228</u>	<u>4,187,509</u>
TOTAL EXPENDITURES	<u>9,817,641</u>	<u>10,203,000</u>	<u>9,472,425</u>	<u>730,575</u>	<u>8,870,211</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(974,641)</u>	<u>(879,658)</u>	<u>147,208</u>	<u>1,026,866</u>	<u>(81,246)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	-	-	1,194,574	1,194,574	-
Transfers Out	<u>(30,000)</u>	<u>(40,000)</u>	<u>(20,000)</u>	<u>20,000</u>	<u>(45,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(40,000)</u>	<u>1,174,574</u>	<u>1,214,574</u>	<u>(45,000)</u>
NET CHANGE IN FUND BALANCE	<u>(1,004,641)</u>	<u>(919,658)</u>	<u>1,321,782</u>	<u>2,241,440</u>	<u>(126,246)</u>
FUND BALANCES, Beginning	<u>2,104,641</u>	<u>2,219,658</u>	<u>2,219,658</u>	<u>-</u>	<u>2,345,904</u>
FUND BALANCES, Ending	<u>\$ 1,100,000</u>	<u>\$ 1,300,000</u>	<u>\$ 3,541,440</u>	<u>\$ 2,241,440</u>	<u>\$ 2,219,658</u>

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Federal Sources	\$ 434,055	\$ 434,953	\$ 421,381	\$ (13,572)	\$ 433,327
TOTAL REVENUES	434,055	434,953	421,381	(13,572)	433,327
EXPENDITURES					
Salaries	271,030	308,230	269,081	39,149	312,377
Benefits	96,558	104,194	91,057	13,137	93,011
Purchased Services	50,436	5,500	44,332	(38,832)	3,725
Supplies and Materials	13,981	14,979	3,271	11,708	8,570
Property	2,000	2,000	13,640	(11,640)	15,644
Other	50	50	-	50	-
TOTAL EXPENDITURES	434,055	434,953	421,381	13,572	433,327
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO.1

STATEWIDE SCHOOL DIVISION TRUST FUND

(School Division Trust Fund Measurement Date)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
School's proportionate share of the Net Pension Liability	0.1421%	0.1328%	0.1279%
School's proportionate share of the Net Pension Liability	\$ 18,122,121	\$ 17,992,775	\$ 19,563,383
School's covered-employee payroll	\$ 5,758,152	\$ 5,560,924	\$ 5,576,286
School's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	314.7%	323.6%	350.8%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO.1

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Statutorily required contributions	\$ 901,625	\$ 935,018	\$ 981,520
Contributions in relation to the Statutorily required contributions	<u>901,625</u>	<u>935,018</u>	<u>981,520</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 5,642,211	\$ 5,535,927	\$ 5,535,927
Contributions as a percentage of covered-employee payroll	15.98%	16.89%	17.73%

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

PLATTE CANYON SCHOOL DISTRICT NO. 1

BOND REDEMPTION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Local Sources					
Property Taxes	\$ 900,000	\$ 780,979	\$ 789,620	\$ 8,641	\$ 895,921
Delinquent Taxes	3,000	3,000	500	(2,500)	(667)
Earnings on Investments	2,000	2,000	2,811	811	1,194
TOTAL REVENUES	905,000	785,979	792,931	6,952	896,448
EXPENDITURES					
Debt Service					
Principal	625,000	715,000	715,000	-	595,000
Interest and Fiscal Charges	270,852	270,852	128,425	142,427	299,480
Other	1,000	10,000	94,321	(84,321)	647
Contingency	882,492	655,901	-	655,901	-
TOTAL EXPENDITURES	1,779,344	1,651,753	937,746	714,007	895,127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(874,344)	(865,774)	(144,815)	720,959	1,321
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	6,338,935	6,338,935	-
Payments to Escrow Agent	-	-	(6,242,970)	(6,242,970)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	95,965	95,965	-
NET CHANGE IN FUND BALANCE	(874,344)	(865,774)	(48,850)	816,924	1,321
FUND BALANCE, Beginning	874,344	865,774	865,774	-	864,453
FUND BALANCE, Ending	\$ -	\$ -	\$ 816,924	\$ 816,924	\$ 865,774

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2016

	FOOD	SWIMMING	TOTALS	
	SERVICE FUND	POOL FUND	2016	2015
ASSETS				
Cash and Investments	\$ 47,719	\$ 86,347	\$ 134,066	\$ 87,136
Accounts Receivable	28,116	-	28,116	-
Prepaid Expenses	-	1,699	1,699	-
Inventories	19,373	-	19,373	19,889
TOTAL ASSETS	<u>\$ 95,208</u>	<u>\$ 88,046</u>	<u>\$ 183,254</u>	<u>\$ 107,025</u>
LIABILITIES				
Accounts Payable	-	41	41	2,318
Due To Other Fund	77,795	-	77,795	-
Accrued Salaries and Benefits	11,062	922	11,984	10,401
TOTAL LIABILITIES	<u>88,857</u>	<u>963</u>	<u>89,820</u>	<u>12,719</u>
FUND BALANCE				
Nonspendable	19,373	1,699	21,072	19,889
Restricted for Food Service	-	-	-	(165)
Assigned	(13,022)	85,384	72,362	74,582
TOTAL FUND BALANCE	<u>6,351</u>	<u>87,083</u>	<u>93,434</u>	<u>94,306</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 95,208</u>	<u>\$ 88,046</u>	<u>\$ 183,254</u>	<u>\$ 107,025</u>

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NONMAJOR GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND BALANCE
 Year Ended June 30, 2016

	FOOD	SWIMMING	TOTALS	
	SERVICE FUND	POOL FUND	2016	2015
REVENUES				
Local Sources	\$ 106,817	\$ 164,403	\$ 271,220	\$ 249,044
State Sources	3,087	11,285	14,372	11,799
Federal Sources	150,239	-	150,239	124,174
TOTAL REVENUES	260,143	175,688	435,831	385,017
EXPENDITURES				
Current				
Supporting Services	293,516	163,187	456,703	429,975
TOTAL EXPENDITURES	293,516	163,187	456,703	429,975
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,373)	12,501	(20,872)	(44,958)
OTHER FINANCING SOURCES				
Transfers Out	20,000	-	20,000	45,000
TOTAL OTHER FINANCING SOURCES	20,000	-	20,000	45,000
NET CHANGE IN FUND BALANCES	(13,373)	12,501	(872)	42
FUND BALANCES, Beginning, As Restated	19,724	74,582	94,306	94,264
FUND BALANCES, Ending	<u>\$ 6,351</u>	<u>\$ 87,083</u>	<u>\$ 93,434</u>	<u>\$ 94,306</u>

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

FOOD SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services					
Lunches	\$ 81,800	\$ 94,600	\$ 106,045	\$ 11,445	\$ 95,105
Other	3,000	3,000	708	(2,292)	3,214
Earnings on Investments	-	-	64	64	36
Federal Aid					
School Breakfast and Lunch	116,000	123,000	133,879	10,879	124,174
Commodities	13,500	-	16,360	16,360	-
State Match	3,800	3,676	3,087	(589)	3,509
TOTAL REVENUES	218,100	224,276	260,143	35,867	226,038
EXPENDITURES					
Salaries	106,100	105,500	104,342	1,158	99,443
Benefits	34,000	33,200	33,555	(355)	32,248
Purchased Services	2,000	2,000	1,946	54	2,061
Commodities	1,800	1,800	16,360	(14,560)	100
Food	127,000	127,000	118,737	8,263	136,354
Other Supplies	11,000	9,500	14,467	(4,967)	8,063
Property	3,100	2,500	1,891	609	2,698
Other	400	2,500	2,218	282	416
TOTAL EXPENDITURES	285,400	284,000	293,516	(9,516)	281,383
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,300)	(59,724)	(33,373)	26,351	(55,345)
OTHER FINANCING SOURCES (USES)					
Transfers In	50,000	40,000	20,000	(20,000)	45,000
CHANGE IN FUND BALANCE	(17,300)	(19,724)	(13,373)	6,351	(10,345)
FUND BALANCES, Beginning, As Restated	17,300	19,724	19,724	-	30,069
FUND BALANCES, Ending	\$ -	\$ -	\$ 6,351	\$ 6,351	\$ 19,724

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

SWIMMING POOL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Property Taxes	\$ 98,000	\$ 98,000	\$ 101,457	\$ 3,457	\$ 99,605
Charges for Services	45,000	45,000	62,946	17,946	51,084
Grants and Donations	-	-	11,285	11,285	8,290
TOTAL REVENUES	143,000	143,000	175,688	32,688	158,979
EXPENDITURES					
Salaries	92,000	92,000	97,105	(5,105)	82,002
Benefits	25,500	25,200	25,675	(475)	22,127
Purchased Services	3,500	3,500	1,579	1,921	11,354
Supplies and Materials	32,000	32,000	26,293	5,707	22,460
Property	7,000	7,000	11,289	(4,289)	10,649
Other	52,000	57,882	1,246	56,636	-
TOTAL EXPENDITURES	212,000	217,582	163,187	54,395	148,592
CHANGE IN FUND BALANCE	(69,000)	(74,582)	12,501	87,083	10,387
FUND BALANCES, Beginning, As Restated	69,000	74,582	74,582	-	64,195
FUND BALANCES, Ending	\$ -	\$ -	\$ 87,083	\$ 87,083	\$ 74,582

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

AGENCY FUND - PUPIL ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended June 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 127,681	\$ 178,644	\$ 182,033	\$ 124,292
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accounts Payable	\$ 1,243	\$ 7,538	\$ 1,243	\$ 7,538
Due to Student Groups	126,438	171,106	180,790	116,754
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	\$ 127,681	\$ 178,644	\$ 182,033	\$ 124,292
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See the accompanying independent auditors' report.

COMPLIANCE



**JOHN CUTLER
& ASSOCIATES**

Board of Education
Platte Canyon School District No. 1
Bailey, Colorado

**INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL DATA
INTEGRITY CHECK FIGURES**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Platte Canyon School District No. 1's basic financial statements accompanying electronic financial data integrity check figures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying electronic financial data integrity check figures is fairly stated in all material respects in relation to the financial statements as a whole.

John Luthr & Associates, LLC

December 27, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 2600 - PLATTE CANYON 1
 Fiscal Year 2015-16
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,219,658	10,794,207	9,472,425	3,541,440
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,219,658	10,794,207	9,472,425	3,541,440
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	19,723	280,144	293,516	6,351
22 Govt Designated-Purpose Grants Fund	0	421,381	421,381	0
23 Pupil Activity Special Revenue Fund	74,583	175,688	163,188	87,083
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	865,774	7,131,866	7,180,716	816,924
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	3,179,738	18,803,286	17,531,226	4,451,798
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	135,219	163,568	182,033	116,754
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	135,219	163,568	182,033	116,754

FINAL

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