

PUEBLO SCHOOL DISTRICT NO. 60

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pueblo School District No. 60

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pueblo School District No. 60, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows 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 and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pueblo School District No. 60's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016, on our consideration of the Pueblo School District No. 60's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pueblo School District No. 60's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 13, 2016

PUEBLO CITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the fiscal year ended June 30, 2016

Management of Pueblo City Schools (the "District") offers readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements, note to the financial statements, and various supplementary information, which, follow this section.

FINANCIAL HIGHLIGHTS

The District was required to implement GASB No. 68 in 2015 resulting in a net pension liability of \$253,351,215 that increased to \$278,157,556 in 2016, a net of \$24,806,341. Under GASB No. 68 the proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the District. At implementation, beginning equity was restated and deferred inflows, outflows and net pension liability are reported.

The District's total combined net position decreased by \$1,552,654 to \$(149,508,408) at June 30, 2016, which compares to \$(147,955,754) at the beginning of the year, after prior period adjustments totaling \$4,025,931. The prior period adjustments result from modifications to the reporting of compensated absences in the amount of \$310,734 and additional pension contributions \$3,715,197, recognized in accordance with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. See Note 1, to the financial statements, for additional information. The largest portion of the District's net position is its investment in capital assets of \$72,709,052 net of accumulated depreciation and related debt compared to \$63,593,023 the previous year, an increase of \$9,116,029.

During the year, the District had \$162,385,446 in expenses related to governmental activities, of which \$36,584,019 of these expenses offset by program specific charges or grants and contributions.

The District decreased its outstanding long-term debt by \$8,888,360 excluding the net pension liability and post-employment benefits obligations. The outstanding long-term debt includes \$65,204,410 in general obligation bonds and capital lease agreements. Additional long-term liabilities include accrued compensated absences of \$2,768,246, accrued self-insured claims of \$1,784,457, the net pension liability of \$278,157,556 and the net OPEB obligation of \$6,529,965; see Note 9 to the financial statements for additional information.

Of the total \$37,046,251 ending fund balance in the governmental funds, \$3,800,000 is restricted for TABOR as required under Article X, Section 20 of the Colorado Constitution; \$14,911,567 is restricted for debt service; and \$180,570 is restricted for preschool activities. The committed portion of fund balance is \$9,015,641, includes funds related to Athletics, Risk Management, Capital Projects, Education Foundation activities and Board of Education required contingencies. The assigned portion of fund balance total is \$4,520,959 of which food service operations, \$3,426,959; school and Board of Education carryover \$1,094,000. The unassigned portion is \$4,543,642.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the basic financial statements of Pueblo City Schools. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

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 of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

The statement of activities presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items. However, the largest increase in total liabilities occurred due to the recognition of the net pension liability because of the implementation of the GASB No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27.

The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services and transportation. Nutrition services activities are reported in a Special Revenue Fund, Risk related activities, are reported in the Internal Service Funds and are considered governmental activities in the government-wide financial statements.

The government-wide financial statements include not only the District itself (known as the primary government), but also two legally separate entities (charter schools) for which the district is financially accountable. Financial information for these component units reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand

the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balance for the General Fund, the Capital Projects Fund, Designated Purpose Grant Fund, and Debt Service Fund, all of which are considered major funds. Data from other non-major governmental funds are combined into a single, aggregated presentation. Combining statements for individual non-major governmental funds, if applicable, are presented elsewhere in the report.

Proprietary funds: The District maintains one proprietary fund. The District uses an internal service fund to account for its risk related. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, meaning they use the accrual basis of accounting rather than modified accrual.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available for the support of the District's own programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 12 through 42.

Required Supplementary Information

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

Other information

The statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator over time as a useful indicator of the District's financial position. For the District's primary government, excluding its component units (charter schools), liabilities plus deferred inflows of resources exceeds its assets plus deferred outflows of resources by \$149,508,408 resulting in a deficit net position at June 30, 2016.

PUEBLO SCHOOL DISTRICT NO. 60 CONDENSED STATEMENT OF NET POSITION PRIMARY GOVERNMENT

	6/30/2016	6/30/2015	CHANGE
ASSETS			
CURRENT & OTHER ASSETS	\$ 59,305,244	\$ 66,176,601	\$ (6,871,357)
CAPITAL ASSETS - NET OF DEPRECIATION	<u>\$ 137,820,312</u>	<u>\$ 129,595,329</u>	<u>\$ 8,224,983</u>
TOTAL ASSETS	<u>\$ 197,125,556</u>	<u>\$ 195,771,930</u>	<u>\$ 1,353,626</u>
DEFERRED OUTFLOWS OF RESOURCES			
DEFERRED ON REFUNDING	\$ 2,310,097	\$ 2,660,513	\$ (350,416)
ADDITIONAL PENSION CONTRIBUTIONS RELATED TO PENSION	<u>\$ -</u>	<u>\$ (3,715,197)</u>	<u>\$ 3,715,197</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 38,376,960</u>	<u>\$ 10,427,831</u>	<u>\$ 27,949,129</u>
LIABILITIES			
LIABILITIES	\$ 17,907,153	\$ 15,630,944	\$ 2,276,209
PRIOR PERIOD ADJUSTMENT COMP ABSENCES	\$ -	\$ 310,734	\$ (310,734)
LONG-TERM LIABILITIES	<u>\$ 354,444,634</u>	<u>\$ 338,213,837</u>	<u>\$ 16,230,797</u>
TOTAL LIABILITIES	<u>\$ 372,351,787</u>	<u>\$ 354,155,515</u>	<u>\$ 18,196,272</u>
DEFERRED INFLOWS	<u>\$ 12,659,137</u>	<u>\$ -</u>	<u>\$ 12,659,137</u>
TOTAL DEFERRED INFLOWS	<u>\$ 12,659,137</u>	<u>\$ -</u>	<u>\$ 12,659,137</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	\$ 72,709,052	\$ 63,593,023	\$ 9,116,029
RESTRICTED FOR:			
EMERGENCY RESERVE (TABOR)	\$ 3,800,000	\$ 3,800,000	\$ -
DEBT SERVICE	\$ 14,911,567	\$ 16,324,735	\$ (1,413,168)
OTHER PURPOSES	\$ 180,570	\$ 669,893	\$ (489,323)
UNRESTRICTED	<u>\$ (241,109,597)</u>	<u>\$ (232,343,405)</u>	<u>\$ (8,766,192)</u>
NET POSITION AS OF 6-30-2016	<u>\$ (149,508,408)</u>	<u>\$ (147,955,754)</u>	<u>\$ (1,552,654)</u>

Cash and investments make up 30.1% of total assets compared to 33.8% the prior year. 25.1% of cash and investments are restricted in the District for maintenance of capital assets and reserved to repay debt. Capital assets, which reflect the District's investment in real, personal property, and equipment, currently make up 69.9% of total assets compared to 66.2% the previous year, an increase net of depreciation of \$8,224,983.

Deferred outflows of resources net of deferred inflows of resources increased \$25,717,823 with 91% attributed to the net pension liability.

A key component of the District's net governmental position is the large net pension liability of \$278,157,556. Prior to the implementation of Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record their share of the net pension liability. Notes 1 and 11 to the basic financial statements outline the implementation of GASB No. 68.

A portion of the District's net position reflects its \$72,709,052 investment in capital assets net of accumulated depreciation and related debt. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restriction on how they may be used. At June 30, 2016, net position totaling \$18,892,137 was restricted with \$14,911,567 restricted for debt service; \$180,570 restricted for preschool activities and \$3,800,000 restricted for the TABOR emergency contingency.

At June 30, 2016, the District reported negative net position for the District as a whole. Had the District not implemented GASB 68, recording the net unfunded pension liabilities, the assets would have exceeded liabilities and net position balance would have been positive.

CONDENSED STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES

	2016	2015	NET CHANGE
REVENUES			
CHARGES FOR SERVICES	\$ 1,606,026	\$ 1,883,547	\$ (277,521)
OPERATING, CAPITAL GAINS AND			
CONTRIBUTIONS	\$ 34,977,993	\$ 30,777,183	\$ 4,200,810
PROPERTY TAXES	\$ 35,118,459	\$ 34,775,577	\$ 342,882
SPECIFIC OWNERSHIP TAXES	\$ 3,020,222	\$ 2,803,681	\$ 216,541
STATE EQUALIZATION	\$ 84,081,789	\$ 81,350,889	\$ 2,730,900
OTHER	<u>\$ 2,028,303</u>	<u>\$ 1,276,708</u>	<u>\$ 751,595</u>
TOTAL REVENUES	<u>\$ 160,832,792</u>	<u>\$ 152,867,585</u>	<u>\$ 7,965,207</u>
EXPENDITURES			
INSTRUCTION	\$ 91,304,465	\$ 92,553,657	\$ (1,249,192)
SUPPORTING SERVICES	\$ 52,220,509.00	\$ 60,509,080	\$ (8,288,571)
COMMUNITY SERVICES	\$ 134,925	\$ 159,255	\$ (24,330)
CAPITAL PROJECTS	\$ 7,593,304	\$ -	\$ 7,593,304
NUTRITION SERVICE	\$ 8,773,486	\$ 8,257,526	\$ 515,960
INTEREST & OTHER CHARGES	<u>\$ 2,358,757</u>	<u>\$ 2,395,093</u>	<u>\$ (36,336)</u>
TOTAL EXPENDITURES	<u>\$ 162,385,446</u>	<u>\$ 163,874,611</u>	<u>\$ (1,489,165)</u>
CHANGE IN NET POSITION	<u>\$ (1,552,654)</u>	<u>\$ (11,007,026)</u>	<u>\$ 9,454,372</u>
NET POSITION - BEGINNING RESTATED	\$ (147,955,754)	\$ (132,922,797)	\$ (15,032,957)
PRIOR PERIOD ADJUSTMENT	<u>\$ -</u>	<u>\$ (4,025,931)</u>	<u>\$ 4,025,931</u>
NET POSITION - ENDING	<u>\$ (149,508,408)</u>	<u>\$ (147,955,754)</u>	<u>\$ (1,552,654)</u>

Overall revenues for the District increased in fiscal 2016 by \$7,965,207. This increase was due in part by Per Pupil Revenue (PPR) increasing by \$257 per pupil from the School Finance Act. District and state taxpayers funded most District governmental activities. For fiscal year 2016, this portion of governmental activities funding included \$35,118,459 in property taxes, \$3,020,222 in specific ownership tax, and \$84,081,789 of unrestricted state equalization based on the statewide total program education funding formula, \$306,947 in interest income and miscellaneous revenues of \$1,721,356. Some users of the District's governmental programs paid \$1,606,026 for services provided. The federal and state governments subsidized specific programs with capital/operating grants and contributions totaling \$34,977,993.

ANALYSIS OF THE FUND FINANCIAL STATEMENT

As noted earlier, Pueblo School District No. 60 used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

General Fund

The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs. Revenues and other financing resources for the General Fund totaled \$123,087,503 in fiscal year 2015-16, an increase of \$4,187,971 from fiscal year 2014-15. The following table reflects the amount of revenue from various sources.

PUEBLO CITY SCHOOL DISTRICT No. 60
GENERAL FUND
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

	2016	2015	INCREASE/ (DECREASE)	PERCENT CHANGE
SCHOOL FINANCE FUNDING				
PROPERTY & OTHER TAXES	\$ 26,924,084	\$ 26,571,728	\$ 352,356	1.33%
SPECIFIC OWNERSHIP TAXES	\$ 2,314,235	\$ 2,139,761	\$ 174,474	8.15%
STATE EQUALIZATION	<u>\$ 84,081,790</u>	<u>\$ 81,350,889</u>	<u>\$ 2,730,901</u>	3.36%
 SCHOOL FINANCE TOTAL	 <u>\$ 113,320,109</u>	 <u>\$ 110,062,378</u>	 <u>\$ 3,257,731</u>	 2.96%
 OTHER LOCAL SOURCES	 \$ 3,852,279	 \$ 3,070,853	 \$ 781,426	 25.45%
OTHER STATE SOURCES	\$ 5,685,831	\$ 5,526,337	\$ 159,494	2.89%
FEDERAL OTHER	<u>\$ 229,284</u>	<u>\$ 239,964</u>	<u>\$ (10,680)</u>	-4.45%
 TOTAL SCHOOL FINANCE FUNDING AND OTHER REVENUES	 <u>\$ 123,087,503</u>	 <u>\$ 118,899,532</u>	 <u>\$ 4,187,971</u>	 3.52%

Property Taxes: Net property tax collections increased by \$352,356. An increase is indicative of an increase in the assessed values of property located in the District's boundaries and/or an increase in the number of residential or business properties.

Specific Ownership Tax: A specific ownership tax is applied to the fair market value of vehicles or other taxable personal property (i.e., boats) registered in Colorado. The tax is collected when owners renew their registrations each year. Revenue from specific ownership tax collected increased by \$174,474.

State Equalization: State equalization revenue is the state's share of "total program funding" provided under the Public School Finance Act for pre-kindergarten through 12th grade education. Public School Finance Act revenue made up 92.07% of general fund revenues in 2015-16 compared to 92.57% in 2014-15. For 2015-16 state equalization revenue provided 74.2% of "total program revenue" while local taxpayer revenue provided 25.8%.

Other Local Sources: Other local sources of revenue include interest income, tuition paid by other school districts for detention center services, services purchased by the district's charter schools, indirect cost recovery from

federal grants and a variety of other miscellaneous revenue sources. The \$781,426 increase in other revenue is due mainly to the receipt of one-time Energy Savings Performance Contract rebates of \$680,466.

Other State Sources: This revenue increased by \$159,494 in 2016 from \$5,526,337 the previous year. Categorical revenue from the state (i.e. Additional at Risk and ECEA funding) increased from the previous year primarily due to Additional at Risk Funding offset by decreases in English Language Proficiency Act (ELPA) funding and Vocational Education.

Federal Sources: The primary sources of federal revenue in the general fund are Reserve Officer Training Corp (ROTC) reimbursements and Impact Aid revenue. The decrease in federal revenue of \$10,680 is due to a decrease in ROTC reimbursements.

PUEBLO CITY SCHOOL DISTRICT No. 60
GENERAL FUND
SCHEDULE OF EXPENDITURES

	2016	2015	INCREASE/ (DECREASE)	PERCENT CHANGE
INSTRUCTION	\$ 73,432,668	\$ 71,316,483	\$2,116,185	2.97%
STUDENT SUPPORT	5,753,340	5,294,437	458,903	8.67%
INSTRUCTIONAL STAFF SUPPORT	5,189,012	4,283,134	905,878	21.15%
GENERAL ADMINISTRATION	2,750,426	1,029,028	1,721,398	167.28%
SCHOOL ADMINISTRATION	8,462,678	7,443,605	1,019,073	13.69%
BUSINESS SERVICES	1,558,377	1,310,162	248,215	18.95%
OPERATIONS & MAINT	14,995,162	14,198,345	796,817	5.61%
STUDENT TRANSPORTATION	2,262,054	2,147,992	114,062	5.31%
CENTRAL SUPPORT SERVICES	6,276,580	6,413,603	(137,023)	-2.14%
COMMUNITY SERVICES	53,190	56,947	(3,757)	-6.60%
DEBT SERVICE	352,945	-	352,945	
FACILITY ACQUISITION & CONSTRUCTION	<u>7,593,304</u>	<u>-</u>	<u>7,593,304</u>	
GRAND TOTAL EXPENDITURES	<u>128,679,736</u>	<u>113,493,736</u>	<u>15,186,000</u>	13.38%

Instruction: Instruction costs for fiscal year 2015-16 increased by \$2,116,185 or 2.97% when compared to the prior year. The increases in costs were primarily due to salary increases.

Student Support Services: Student support services (guidance, counselors, health/nurses, psychologists, social workers, audiologists, student intervention, physical and occupational therapists) expenditures increased 8.67% up \$458,903 from the previous year. The increases were in salaries, benefits and purchased services.

Instructional Staff Support: Instructional staff support service expenditures increased by 21.15%, up \$905,878 from the prior year. The increase in instruction support staff was due to increase in salary, benefits and supplies. There was also a decrease in purchased services for a second year.

Building Administration: General administration expenditures increased \$1,721,398, with the largest contributor being legal settlement of \$1,337,500. Additional increases related to salary and benefits and well as purchased services.

School Administration: School administration costs increased \$1,019,073 or 13.69%. This change is attributable to increases in salaries and benefits.

Business Services: Business services expenditures increased 18.95%, up \$248,215 from the prior year.

The increase is largely due to an increase in supply expense.

Maintenance and Operations: Facilities operations and maintenance increased \$796,817. This increase is due to the increase in salary and benefits, plus a change from the prior year to the coding of property insurance.

Transportation Services: Transportation costs increased \$114,062 or 5.31% over the prior year due to a change from the prior year of the vehicle insurance expense. The District outsourced this function in October 2012.

Central Services: Central services are comprised of Human Resources, Technology and Workman's Compensation costs. Spending in this category decreased \$137,023. Cost decrease due to the coding change of the vehicle liability insurance to Transportation Services.

OTHER MAJOR FUNDS

Bond Redemption Fund: Property tax collections in the Bond Fund totaled \$8,169,068 for 2015-16 compared to \$8,157,594 in 2014-15. Expenditures totaled \$7,939,113 in 2015-16 compared to \$7,953,988 the prior year. The fund balance at June 30, 2016 is \$8,937,565 compared to \$8,690,154 in 2014-15. The fund balance is reserved for future debt payments (principal and interest) associated with the 2002 bond and the 2009 refunding bond.

Capital Projects Fund: Revenues in the Capital Projects Fund totaled \$1,382,671 compared to \$1,053,463 the prior year. Expenditures totaled \$6,651,399 compared to \$4,640,769 the prior year. The fund balance at June 30, 2016 is \$8,570,467 compared to 10,339,925 in 2015.

Governmental Designated Purpose Grant Fund: The governmental designated purpose grants fund maintains separate accounts for each federal, state and local grant funded program. Grant funds are awarded for a specific use as defined in the grant application. The funds are used for the purposes for which they were granted, primarily to improve student achievement. Grant revenues in FY 2015-16 were \$18,040,423, an increase of \$1,945,830 from the prior year. The largest increase attributed to the STEM grant of \$798,246. Ninety-one percent of total grant revenues comes from the federal government.

OTHER GOVERNMENTAL FUNDS

The District reports the Education Foundation and Food Services Funds in the non-major governmental fund group. Information for the non-major governmental funds is aggregated and reported as other governmental funds on the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the other supplementary information section of this report.

Education Foundation Fund: The Education Foundation Fund accounts for private gifts and donations to support the instructional functions of the District and its students through scholarships. Donations, gifts and miscellaneous revenue totaled \$15,621 for 2015-16 compared to \$20,920 the prior year.

Food Service Fund: As of July 1, 2015, the Food Service Fund was reclassified as a Special Revenue Fund from an Enterprise Funds. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is for the cost of providing goods or services to be financed or recovered primarily through user charges. Due to the implementation of GASB 68, the Food Service Fund could no longer be classified as an Enterprise Fund since it could not sustain the burden of recording a net pension liability.

The Food Service Fund accounts for financial activities associated with the school lunch and breakfast programs. Revenues primarily come from the Federal Child Nutrition Act. Fiscal year 2015-16 local revenues totaled \$131,211 compared to \$514,570 the prior year. The decrease in local revenue is due the adoption by the District of the Community Eligibility Provision (CEP). The CEP is a meal service option for school districts in low-income areas. The CEP allows the District to serve breakfast and lunch at no cost to all enrolled students. The resulting government reimbursements totaled \$9,886,742 for 2015-16 compared to \$7,926,739 the previous year in part by changing the Free and Reduced Lunch eligibility and increase in in the District's at-risk population. Net position of the Food Service Fund totaled \$3,500,831 as of June 30, 2016, compared to \$ 2,392,455 the prior year.

PROPRIETARY FUNDS

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds account for operations that are organized to be self-supporting through user charges. The District's proprietary funds consist of one internal service funds.

Internal Service Fund: Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's internal service funds are used to account for risk related activities. As of July 1, 2014, the Print Shop Fund was moved to the General Fund.

Risk Management Fund: Is an internal service fund, used to account for the District's self-insured programs and risk management functions. The risk management fund provides the ability to analyze risk programs by both balance sheet and income statement categories. The District maintains a self-insured dental and workers' compensation program. Revenues to support these activities originate from two main sources: 1) employee payroll deductions and District contribution for dental premiums, and 2) workers' compensation user fees, charged to funds that pay salaries. Expenditures include claims and plan administration for dental, and workers compensation self-insurance. Stop-loss insurance to cover costs in excess of costs related to work related injuries including loss of compensation and other expenditures to cover the consulting costs to manage the above programs.

Reserves must be adequate to provide financial stability for the District's self-funded risk management programs. Reserves should be accumulated to address fluctuations in the annual cost of workers' compensation and dental self-insured programs.

Charges for services totaled \$2,209,509 and expenses totaling \$1,552,945 in 2015-16 compared to \$2,236,226 and expenses were \$1,900,720 in 2014-15, respectively. Net position at June 30, 2016 totaled \$1,625,869 compared to \$1,069,289 at the beginning of the year an increase of \$556,580.

FIDUCIARY FUNDS

Fiduciary Funds: Fiduciary funds account for assets held in trust by the District and not reported in the Government-wide financial statements. The Student Activity Fund, an agency fund, was created to act as a custodian for student activities.

MAJOR FUND BUDGETARY HIGHLIGHTS

The budget for fiscal year 2015-16 adopted by the Board of Education on June 26, 2015 and amended January 26, 2016 with total appropriations of \$219,877,878 made up of the following:

- \$144,064,179 for the general fund
- \$ 10,343,805 for charter school operations
- \$ 23,854,413 for the governmental designated purpose grants fund
- \$ 14,516,357 for the capital projects fund
- \$ 7,939,112 for the bond redemption fund
- \$ 10,255,647 for the nutrition services fund
- \$ 2,193,550 for the risk management fund
- \$ 2,500,000 for the trust and agency funds

Significant variance of actual results compared to budget includes the following:

General Fund revenues exceeded budget by \$1,385,191. The revenue variance was due to the increases in indirect costs charged to the governmental designated purpose grant funds, property tax revenue, state equalization payment and one-time Energy Saving Performance Contract rebates.

Excluding the budget for reserves, general fund expenditures were \$180,593 over budget. The expenditure variance is due to the following: 1) Salary and Benefit increases and 2) Supply related expense increase

Excluding appropriated reserves, the capital projects fund actual expenditures were greater than budget by \$71,260.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 totaled \$137,820,312 (net of accumulated depreciation of \$79,750,925). Capital assets include land, buildings, improvements, machinery, vehicles and equipment, and construction in progress. The reader should refer to Note 7 of the Notes to the Financial Statements for further information relative to capital assets.

Long-term Debt: At June 30, 2016, the District had total long-term debt outstanding of \$354,444,634 of which \$8,262,057 is due during the next twelve months. Long-term debt includes general obligation bonds, qualified academy zone bonds, obligations on capital leases, compensated absences, post-employment benefits self-insured workers compensation claims and the net pension liability per GASB 68. The reader should refer to Note 9 of the Notes to the Financial Statements for further information relative to long-term debt.

Component Units

Only summary information regarding component units appears in the District's financial statements. The reader should review the audited financial statements of each component unit, if available, for additional information. The District's component units, Chavez Huerta Preparatory High and Pueblo School for the Arts and Sciences, issue separate audited financial statements.

FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS

Colorado public schools receive funding from a variety of sources. However, most revenues to Colorado's 178 school districts are provided through the Public School Finance Act of 1994 (as amended).

The District received \$7,273.32 in per pupil funding for 2015-16 compared to \$7,014.17 in 2014-15, an increase of \$252.15.

Pueblo City Schools may experience a decrease in per pupil funding should enrollment decrease. Since the majority of general operating funds come from the number of students, changes in student population will adversely affect the future financial condition of the District.

SUBSEQUENT EVENTS

There were no significant events to report as of the date of the release of these financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report and requests for additional financial information can be obtained by contacting the Chief Financial Officer at 315 West 11th Street, Pueblo, CO 81003.

BASIC FINANCIAL STATEMENTS

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government	Component
	Governmental Activities	Units
ASSETS		
Cash and cash equivalents	37,689,291	\$ 4,266,748
Accounts receivable	5,174,624	1,311
Grant receivable	-	35,465
Taxes receivable	1,705,675	-
Internal balances	(188,200)	-
Receivable from charter schools	24,680	(15,814)
Inventory and other assets	126,872	53,528
Restricted cash and cash equivalents	14,772,302	1,818,032
Capital assets, not being depreciated	10,873,421	1,178,524
Capital assets, net of depreciation	126,946,891	10,014,919
Total assets	197,125,556	17,352,713
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,310,097	-
Deferred pension outflows	36,066,863	2,358,676
Total deferred outflows of resources	38,376,960	2,358,676
LIABILITIES		
Accounts payable	2,053,719	172,386
Accrued salaries and benefits	14,010,861	192,894
Accrued interest	95,642	241,831
Unearned revenues	1,746,931	238,177
Long-term liabilities		
Due within one year	8,262,057	375,000
Due in more than one year	346,182,577	30,431,715
Total liabilities	372,351,787	31,652,003
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	12,659,137	1,585,158
Total deferred outflows of resources	12,659,137	1,585,158
NET POSITION		
Net investment in capital assets	72,709,052	(1,942,317)
Restricted for:		
Emergency reserve (TABOR)	3,800,000	337,286
Debt service	14,911,567	1,315,958
Other purposes	180,570	260,243
Unrestricted	(241,109,597)	(13,496,942)
Total net position	\$ (149,508,408)	\$ (13,525,772)

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Units</u>
Primary government						
Governmental activities						
Instruction	\$ 91,304,465	\$ 1,120,593	\$ 24,851,888	\$ -	\$ (65,331,984)	\$ -
Supporting services	52,220,509	364,243	125,454	-	(51,730,812)	-
Community services	134,925	-	-	-	(134,925)	-
Capital projects	7,593,304	-	-	-	(7,593,304)	-
Food services	8,773,486	121,190	9,959,493	41,158	1,348,355	-
Interest on long-term debt	2,358,757	-	-	-	(2,358,757)	-
Total primary government	<u>\$ 162,385,446</u>	<u>\$ 1,606,026</u>	<u>\$ 34,936,835</u>	<u>\$ 41,158</u>	<u>(125,801,427)</u>	
Component units						
Charter schools	<u>\$ 11,160,149</u>	<u>\$ 89,701</u>	<u>\$ 986,719</u>	<u>\$ 312,840</u>		<u>(9,770,889)</u>
General revenues:						
Property taxes					35,118,459	-
Specific ownership taxes					3,020,222	-
State equalization					84,081,789	-
Per pupil revenue					-	10,343,805
Investment earnings					306,947	1,947
Miscellaneous					1,721,356	118,554
Total general revenues					<u>124,248,773</u>	<u>10,464,306</u>
Change in net position					(1,552,654)	693,417
Net position - beginning, as restated					<u>(147,955,754)</u>	<u>(14,219,189)</u>
Net position - ending					<u>\$ (149,508,408)</u>	<u>\$ (13,525,772)</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 31,302,067	\$ -	\$ -	\$ 4,627,699	\$ 1,755,210	\$ 37,684,976
Accounts receivable, net	53,994	3,672,982	-	136,145	1,311,503	5,174,624
Taxes receivable	1,270,880	-	378,755	56,040	-	1,705,675
Due from charter schools	24,680	-	-	-	-	24,680
Due from other funds	2,345,243	837,607	-	-	618,894	3,801,744
Inventories and other assets	-	3,000	-	-	73,872	76,872
Restricted cash and cash equivalents	-	-	8,798,300	5,974,002	-	14,772,302
	<u>\$ 34,996,864</u>	<u>\$ 4,513,589</u>	<u>\$ 9,177,055</u>	<u>\$ 10,793,886</u>	<u>\$ 3,759,479</u>	<u>\$ 63,240,873</u>
Total assets						
LIABILITIES						
Accounts payable	\$ 1,318,071	\$ 589,022	\$ -	\$ 6,956	\$ 96,382	\$ 2,010,431
Accrued salaries and benefits	12,608,414	1,488,841	-	-	83,778	14,181,033
Due to other funds	4,483,985	688,795	-	2,216,463	-	7,389,243
Unearned revenue	-	1,746,931	-	-	-	1,746,931
	<u>18,410,470</u>	<u>4,513,589</u>	<u>-</u>	<u>2,223,419</u>	<u>180,160</u>	<u>25,327,638</u>
Total liabilities						
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	627,494	-	239,490	-	-	866,984
	<u>627,494</u>	<u>-</u>	<u>239,490</u>	<u>-</u>	<u>-</u>	<u>866,984</u>
Total deferred inflows of resources						
FUND BALANCES						
Nonspendable for:						
Inventories and prepaids	-	-	-	-	73,872	73,872
Restricted for:						
Emergency reserve (TABOR)	3,800,000	-	-	-	-	3,800,000
Debt service	-	-	8,937,565	5,974,002	-	14,911,567
Preschool	180,570	-	-	-	-	180,570
Committed for:						
Risk management	455,927	-	-	-	-	455,927
Capital projects	-	-	-	2,596,465	-	2,596,465
Foundation activities	-	-	-	-	78,488	78,488
Athletics	178,507	-	-	-	-	178,507
Contingencies	5,706,254	-	-	-	-	5,706,254
Assigned for:						
School & BOE carryover	594,000	-	-	-	-	594,000
Textbook carryover	500,000	-	-	-	-	500,000
Food service operations	-	-	-	-	3,426,959	3,426,959
Unassigned	4,543,642	-	-	-	-	4,543,642
	<u>15,958,900</u>	<u>-</u>	<u>8,937,565</u>	<u>8,570,467</u>	<u>3,579,319</u>	<u>37,046,251</u>
Total fund balances						
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,996,864</u>	<u>\$ 4,513,589</u>	<u>\$ 9,177,055</u>	<u>\$ 10,793,886</u>	<u>\$ 3,759,479</u>	<u>\$ 63,240,873</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

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

Total fund balance - governmental funds	\$	37,046,251
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, but are reported in the governmental activities of the statement of net position.		137,820,312
Property tax receivable is not available to pay current period expenditures and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the statement of net position.		866,984
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		1,625,869
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.		(95,642)
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		2,310,097
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.		36,066,863
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		(352,490,005)
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities in the statement of net position	\$	<u><u>(149,508,408)</u></u>

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Governmental Designated Purpose Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources	\$ 33,090,598	\$ 49,168	\$ 8,186,524	\$ 1,382,671	\$ 146,832	\$ 42,855,793
State sources	89,767,621	1,617,078	-	-	72,751	91,457,450
Federal sources	229,284	16,374,177	-	-	9,886,742	26,490,203
Total revenues	<u>123,087,503</u>	<u>18,040,423</u>	<u>8,186,524</u>	<u>1,382,671</u>	<u>10,106,325</u>	<u>160,803,446</u>
EXPENDITURES						
Instruction	73,432,668	9,104,962	-	2,456	32,059	82,572,145
Supporting services	47,247,629	8,854,095	-	4,438,943	1,238	60,541,905
Community services	53,190	81,366	-	-	369	134,925
Capital projects	7,593,304	-	-	-	-	7,593,304
Food service operations	-	-	-	-	8,732,328	8,732,328
Debt service	352,945	-	7,939,113	2,210,000	-	10,502,058
Total expenditures	<u>128,679,736</u>	<u>18,040,423</u>	<u>7,939,113</u>	<u>6,651,399</u>	<u>8,765,994</u>	<u>170,076,665</u>
Excess (deficiency) of revenues over expenditures	<u>(5,592,233)</u>	<u>-</u>	<u>247,411</u>	<u>(5,268,728)</u>	<u>1,340,331</u>	<u>(9,273,219)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	<u>(3,149,270)</u>	<u>-</u>	<u>-</u>	<u>3,499,270</u>	<u>(250,000)</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(3,149,270)</u>	<u>-</u>	<u>-</u>	<u>3,499,270</u>	<u>(250,000)</u>	<u>100,000</u>
Net change in fund balances	<u>(8,741,503)</u>	<u>-</u>	<u>247,411</u>	<u>(1,769,458)</u>	<u>1,090,331</u>	<u>(9,173,219)</u>
Fund balances - beginning, as restated	<u>24,700,403</u>	<u>-</u>	<u>8,690,154</u>	<u>10,339,925</u>	<u>2,488,988</u>	<u>46,219,470</u>
Fund balances - ending	<u>\$ 15,958,900</u>	<u>\$ -</u>	<u>\$ 8,937,565</u>	<u>\$ 8,570,467</u>	<u>\$ 3,579,319</u>	<u>\$ 37,046,251</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE 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:	\$ (9,173,219)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	8,258,292
In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.	(33,309)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	25,364
Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities.	556,580
Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	10,234
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,133,066
Some expenses related to post employment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(312,816)
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.	149,087
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(9,165,933)</u>
Change in net position of governmental activities	<u><u>\$ (1,552,654)</u></u>

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,315
Due from other funds	3,399,299
Inventories and other assets	50,000
Total current assets	3,453,614
LIABILITIES	
Current liabilities	
Accounts payable	43,288
Claims and judgments	1,160,000
Total current liabilities	1,203,288
Long-term liabilities	
Claims and judgments	624,457
Total long-term liabilities	624,457
Total liabilities	1,827,745
NET POSITION	
Unrestricted	1,625,869
Total net position	\$ 1,625,869

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 2,209,509
OPERATING EXPENSES	
Insurance claims and expenses	1,552,945
Total operating expenses	1,552,945
Operating income (loss)	656,564
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	16
Total non-operating revenue (expenses)	16
Income (loss) before transfers	656,580
Transfers in (out)	(100,000)
Change in net position	556,580
Net position - beginning	1,069,289
Net position - ending	\$ 1,625,869

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 2,209,509
Cash payments to suppliers	(2,001,135)
Net cash provided (used) by operating activities	208,374
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	(108,374)
Transfers in (out)	(100,000)
Net cash provided (used) by non-capital financing activities	(208,374)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	16
Net cash provided (used) by investing activities	16
Net increase (decrease) in cash and cash equivalents	16
Cash and cash equivalents - beginning	4,299
Cash and cash equivalents - ending	\$ 4,315

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

**PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities
	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 656,564
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in:	
Accounts payable	(22,227)
Claims payable	(425,963)
Total adjustments	(448,190)
Net cash provided (used) by operating activities	\$ 208,374

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 1,748,300
Accounts receivable	5,654
Due from primary government	188,200
Total assets	\$ 1,942,154
LIABILITIES	
Accounts payable	\$ 2,454
Payable to student organizations	1,939,700
Total liabilities	\$ 1,942,154

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

NOTES TO FINANCIAL STATEMENTS

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pueblo School District No. 60 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. DESCRIPTION OF GOVERNMENT-WIDE 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

The legislative power of the District is vested in the Board of Education, consisting of five members who are elected for staggered four-year terms. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the district. The District has presented the following component units:

Blended Component Unit

School District No. 60 Education Foundation, Inc. is an Internal Revenue Code 501(c)(3) nonprofit entity organized to further educational programs for District students. Although it is legally separate from the District, the Education Foundation is reported as if it were part of the primary government because of financial accountability. Separate financial statements are not available.

Discretely Presented Component Units

The Board of Education approved two charter schools for operation: Pueblo City Schools for the Arts and Sciences (PSAS) and Chavez/Huerta K-12 Preparatory Academy (CHAVEZ/HUERTA). The charter schools are deemed to be fiscally dependent on the District since the District provides the majority of support to each charter school in the form of per pupil revenue.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

The amount of state equalization allotted to each charter school during the year ended June 30, 2016 is as follows:

<u>Charter School</u>	<u>Amount</u>
PSAS	\$ 3,120,311
CHAVEZ/HUERTA	<u>7,223,494</u>
	<u>\$ 10,343,805</u>

In addition, the members of each charter school’s governing board are appointed separately from the District. These charter schools have been deemed to be separate legal entities based on the formation of the schools in accordance with state statutes. Separately issued financial statements for the charter schools may be obtained by writing to 2727 West 18th Street, Pueblo, Colorado, 81003.

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

The District reports the following major governmental funds:

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

The *Governmental Designated-Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Bond Redemption Fund* accounts for the servicing of the District's general obligation bonds.

The *Capital Projects Fund* is used to account for significant capital expenditures.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The *School District No. 60 Education Foundation, Inc. Fund* is used to present the activities of the blended component unit.

The *Food Service Fund* accounts for the District's food service program. This fund is required to account for USDA school breakfast and lunch funds received by the District.

Internal Service Funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

The *Risk Management Fund* accounts for risk management activities of the District.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund:

The *Agency Funds* are custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The District's agency fund is the *Student Activity Fund*.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not susceptible to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND
NET POSITION/FUND BALANCE*

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Surplus or temporary surplus money in each separate fund may be invested, but no mixing between funds is allowed. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

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

Inventory

Inventory is valued at the lower of cost or market using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

In the Food Service Fund, commodity inventories are stated at USDA's assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs. Commodity contributions received by the District are recorded as non-operating revenues.

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the District may be restricted. These cash items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, and construction in progress, are reported in the governmental activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000 in all funds, with the exception of computers and musical instruments which have a capitalization threshold of \$750. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Land improvements, buildings and improvements, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-100 years
Buildings and improvements	15-100 years
Equipment	5 - 15 years

Pensions

Pueblo School District No. 60 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is deferred pension outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In the government-wide statement of net position the District reports one item that qualifies for reporting in this category: deferred pension inflows.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the 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 debt service expenditures.

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund balance classification (continued)

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 that was used 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.

Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

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 resources first to defer the use of these other classified funds.

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 31 and are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The Pueblo County Treasurer bills and collects the District’s property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2016 is 27.034 mills for general operating expenses and 8.200 mills for the payment of long-term debt. The District’s assessed valuation for the collection year 2016 is \$995,961,448.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

The District affords all full time employees vacation and sick pay benefits. Vacation benefits generally vest after one year of service but do not accumulate and, thus, are not carried over to subsequent periods. Other employees, including 12 month administrators, professionals and executive assistants, are allowed to carry over up to 30 days of unused vacation benefits that can be paid upon termination. Certain employees are afforded sick pay benefits which are vesting, accumulating rights and are carried forward to subsequent years. The sick pay benefits are limited depending on the length of service and the number of days of unused leave days. All of these benefits, including payroll-related costs, are measured based on established District policy and generally accepted accounting principles.

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

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *total fund balances—governmental funds* and *total net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements”. The details of this difference are as follows:

Non-depreciable assets	\$ 10,873,421
Net depreciable assets	<u>126,946,891</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u>\$ 137,820,312</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements.” The details of this difference are as follows:

Bonds payable	\$ (46,960,000)
Unamortized bond premium	(3,695,290)
Capital leases	(14,549,120)
Compensated absences	(2,598,074)
Post employment benefits obligation	(6,529,965)
Net pension liability	<u>(278,157,556)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (352,490,005)</u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—governmental funds* and *change in net position—governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Depreciation	\$ (4,228,873)
Capital outlays	<u>12,487,165</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 8,258,292</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

Principal payments: general obligation bonds	\$ 5,520,000
Principal payments: capital lease obligations	2,372,678
Amortization of deferred on refunding	(350,416)
Accretion of bond premium	<u>590,804</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 8,133,066</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the May board meeting of the Board of Education, the Chief Financial Officer and Superintendent of Schools submit to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Board of Education meetings to obtain taxpayers comments.
3. Prior to July 1, the budget is adopted by the Board of Education.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for proprietary funds which are budgeted on the cash basis. Budgeted amounts in this report are as originally adopted or amended.
7. All original and supplemental appropriations for all funds lapse at the end of the fiscal year.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. 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. 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 carrying amount of the School’s deposits at June 30, 2016 was \$(1,323,022) and the bank balances were \$56,962. All of the bank balances were covered by federal deposit insurance.

The District utilizes a sweep account to maximize return on interest; therefore, negative cash balances are not considered liabilities.

Investments

The District is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies’ securities;
- ◆ Certain international agencies’ securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers’ acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

At June 30, 2016 the District’s investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust	Less than 60 days	\$ 41,432,830
Money market	Less than 60 days	8,127,323
Corporate discount notes	Less than 6 months	<u>5,972,763</u>
		<u>\$ 55,532,916</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. State law limits investment maturities to five years or less as a means of management exposure to fair value loss resulting from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, almost all investments of the District have maturities less than six months. As such, due to the short-term nature of the District’s investments, interest rate risk is minimized.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2016 all of the District's investments in COLOTRUST and money markets were rated AAAM by Standard & Poor's, the corporate discount notes were rated A1 by Standard & Poor's, and the other investments were not rated.

The District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST 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 COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

In accordance with state law, the District has designated Wells Fargo as the third party custodian for the bond redemption fund. Funds held at June 30, 2016 total \$8,798,301 and are included with the Colotruster investments above.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables as of June 30, 2016 for the government's individual major funds, non-major governmental funds in the aggregate, and internal service funds in the aggregate, are as follows:

	<u>General</u>	<u>Designated Purpose Grants</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Receivables:					
Grant proceeds	\$ -	\$ 3,672,435	\$ -	\$ 1,308,373	\$ 4,980,808
Interest	-	-	31,118	-	31,118
Other	<u>53,994</u>	<u>547</u>	<u>105,027</u>	<u>3,130</u>	<u>162,698</u>
Net receivables	<u>\$ 53,994</u>	<u>\$ 3,672,982</u>	<u>\$ 136,145</u>	<u>\$ 1,311,503</u>	<u>\$ 5,174,624</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances at June 30, 2016 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,345,243	\$ 4,483,985
Governmental Designated Purpose Grants Fund	837,607	688,795
Capital Projects Fund	-	2,216,463
Education Foundation, Inc.	3,276	-
Food Service Fund	615,618	-
Risk Management Fund	3,399,299	-
Student Activity Fund	<u>188,200</u>	<u>-</u>
Total	<u>\$ 7,389,243</u>	<u>\$ 7,389,243</u>

Interfund transfers

Interfund transfer activity for the year ended June 30, 2016 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 3,149,270
Capital Projects Fund	3,499,270	-
Food Service Fund	-	250,000
Risk Management Fund	<u>-</u>	<u>100,000</u>
Total	<u>\$ 3,499,270</u>	<u>\$ 3,499,270</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 1,840,993	\$ -	\$ -	\$ 1,840,993
Construction in progress	<u>810,065</u>	<u>9,032,428</u>	<u>(810,065)</u>	<u>9,032,428</u>
Total capital assets not being depreciated	<u>2,651,058</u>	<u>9,032,428</u>	<u>(810,065)</u>	<u>10,873,421</u>
Capital assets being depreciated:				
Land improvements	17,507,648	358,921	-	17,866,569
Buildings and improvements	154,939,322	3,402,587	-	158,341,909
Equipment	<u>30,710,365</u>	<u>503,294</u>	<u>(724,321)</u>	<u>30,489,338</u>
Total capital assets being depreciated	<u>203,157,335</u>	<u>4,264,802</u>	<u>(724,321)</u>	<u>206,697,816</u>
Less accumulated depreciation for:				
Land improvements	(9,885,042)	(557,301)	-	(10,442,343)
Buildings and improvements	(46,141,246)	(2,658,185)	-	(48,799,431)
Equipment	<u>(20,186,776)</u>	<u>(1,013,387)</u>	<u>691,012</u>	<u>(20,509,151)</u>
Total accumulated depreciation	<u>(76,213,064)</u>	<u>(4,228,873)</u>	<u>691,012</u>	<u>(79,750,925)</u>
Total capital assets being depreciated, net	<u>126,944,271</u>	<u>35,929</u>	<u>(33,309)</u>	<u>126,946,891</u>
Governmental activities capital assets, net	<u>\$ 129,595,329</u>	<u>\$ 9,068,357</u>	<u>\$ (843,374)</u>	<u>\$ 137,820,312</u>

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

Governmental Activities

Instruction	\$ 1,181,970
Support services - students	3,383
Support services - instructional	86,692
General administration	5,498
School administration	21,567
Business services	263,036
Operations and maintenance	1,711,002
Transportation services	298,981
Central	591,619
Miscellaneous	63,433
Child Nutrition	<u>1,692</u>
	<u>\$ 4,228,873</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – 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 ten months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are \$14,010,861. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All general obligation bonds have been issued for governmental activities.

General Obligation bonds payable at June 30, 2016 are as follows:

	<u>Principal Balance</u>
\$63,340,000 of general obligation refunding bonds series 2009; payable in annual installments ranging from \$3,011,412 to \$7,953,087 including interest through December 15, 2022; interest accrues at an annual rate ranging from 2.00% to 5.00%; debt is serviced by the debt service fund.	<u>\$ 46,960,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,775,000	\$ 2,158,787
2018	6,050,000	1,874,631
2019	6,355,000	1,573,325
2020	6,680,000	1,259,375
2021	7,005,000	924,075
2022 – 2023	<u>15,095,000</u>	<u>755,175</u>
Total	<u>\$ 46,960,000</u>	<u>\$ 8,545,369</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Margin

Assessed valuation	<u>\$ 995,961,448</u>
Debt limit – 20% of assessed valuation	199,192,290
General obligation debt	<u>46,960,000</u>
	<u>\$ 152,232,290</u>

Prior Year Defeasance of Debt

In prior years, the District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District’s government-wide financial statements. As of June 30, 2016, the amount of defeased debt outstanding amounted to \$47,635,000.

Capital Leases

Qualified zone academy bonds issued in 2001 in the amount of \$2,210,000 to fund building improvements at Spann Elementary are non-interest bearing, payable in their entirety on September 26, 2015, and are collateralized by District real property. The bonds are a result of a lease purchase agreement between the District and American National Bank, as agent for the Bank of America (the lessor). The District is obligated, subject to annual appropriation, to annually deposit \$160,000 with the agent beginning October 2, 2002 through October 2, 2011. The lease was paid in full in September 2015.

Qualified zone academy bonds issued in 2002 in the amount of \$1,026,225 to purchase computer equipment and software are non-interest bearing, payable in their entirety on October 24, 2017, and are collateralized by District real property. The bonds are a result of a lease purchase agreement between the District and American National Bank, as agent for the Bank of America (the lessor). The District is obligated, subject to annual appropriation, to annually deposit \$132,059 with the agent beginning October 24, 2003 through October 24, 2007. It is anticipated that these deposits, together with the earnings thereon, will be sufficient to make the lease payment that is due October 24, 2017.

Qualified zone academy bonds issued in 2003 in the amount of \$6,000,000 to upgrade heating systems at several schools are non-interest bearing, payable in their entirety on June 17, 2018, and are collateralized by District real property. The bonds are a result of a lease purchase agreement between the District and American National Bank, as agent for the Bank of America (the lessor). The District is obligated, subject to annual appropriation, to annually deposit \$359,153 with the agent beginning June 17, 2005 through June 17, 2018. It is anticipated that these deposits, together with the earnings thereon, will be sufficient to make the lease payment that is due June 17, 2018.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments for capital leases as of June 30, 2016, were as follows:

<u>Year Ending June 30</u>	
2017	\$ 490,750
2018	7,539,802
2019	555,032
2020	584,608
2021	578,923
2022-2026	3,229,031
2027-2030	<u>3,112,957</u>
Total minimum lease payments	16,091,103
Less: amount representing interest	<u>(1,541,983)</u>
Present value of minimum lease payments	<u>\$ 14,549,120</u>

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2016:

	<u>Balance</u> <u>06/30/15</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 52,480,000	\$ -	\$ 5,520,000	\$ 46,960,000	\$ 5,775,000
Unamortized bond premium	<u>4,286,094</u>	-	<u>590,804</u>	<u>3,695,290</u>	-
Total bonds payable	56,766,094	-	6,110,804	50,655,290	5,775,000
Capital Leases	16,921,798	-	2,372,678	14,549,120	306,885
Compensated absences	2,747,161	23,155	2,070	2,768,246	170,172
Post employment benefits obligation	6,217,149	848,511	535,695	6,529,965	850,000
Self insured claims	2,210,420	732,256	1,158,219	1,784,457	1,160,000
Net pension liability	<u>253,351,215</u>	<u>27,647,046</u>	<u>2,840,705</u>	<u>278,157,556</u>	-
<i>Total Governmental Activities</i>	<u>\$ 338,213,837</u>	<u>\$ 29,250,968</u>	<u>\$ 13,020,171</u>	<u>\$ 354,444,634</u>	<u>\$ 8,262,057</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Capital Leases (continued)

Payments on the general obligation bonds are made by the debt service fund with property taxes. The qualified zone academy bonds are serviced by the capital projects fund. The compensated absences liabilities are paid by the fund for which the employee worked, while the self-insured workmen's compensation claims are paid by the risk management internal service fund. Payments for post employment benefits obligations are made by the general fund.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, property and casualty, errors and omissions, workers' compensation, general liability, unemployment, and employee benefit expenses related to health programs. For torts, property and casualty, and errors and omissions, these risks are covered through the District's participation in the Colorado School District Self-Insurance Pool. The Colorado School District Self-Insurance Pool is a public entity risk pool which provides various types of property and liability insurance coverage to its approximate 175 members. The membership agreement provides that the pool be self-sustaining through member contributions and will reinsure with commercial companies for claims in excess of \$1,000,000 per occurrence. In addition, settlement claims for each of the last three years did not exceed insurance coverage amounts in areas where commercial insurance is used to cover the risk of loss.

The District has elected to self-insure for workers' compensation with specific risk retention of \$425,000 per accident with a statutory maximum liability limit. The District has a \$1,000,000 employers' liability maximum limit of indemnity per occurrence. Aggregate loss funds for the period July 1, 1992 through June 30, 2006 will remain open until all claims in each fiscal year are closed. The District chose not to purchase aggregate coverage effective July 1, 2006. Claims and insurance costs are recognized as expenses in the risk management internal service fund. A reserve for workers' compensation claims is presented in the risk management internal service fund which represents the discounted present value of expected losses and includes claims incurred but not yet reported. Changes in the claims liability for the year ended June 30, 2016 are as follows:

Estimated claims liability, beginning	\$ 2,210,420
Incurred claims	306,293
Payments	<u>(732,256)</u>
Estimated claims liability, ending	<u>\$ 1,784,457</u>

The estimated claims liability is an actuarially determined loss reserve and represents the discounted present value of expected losses using a discount rate of 5% and includes claims incurred but not yet reported.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Pueblo School District No. 60 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, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

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 Pueblo School District No. 60 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	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)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. §24-51-411	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. §24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	17.33%	18.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Pueblo School District No. 60 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Pueblo School District No. 60 were \$14,819,293 for the year ended June 30, 2016.

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

At June 30, 2016, the Pueblo School District No. 60 reported a liability of \$278,157,556 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, 2015. The Pueblo School District No. 60 proportion of the net pension liability was based on Pueblo School District No. 60 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 Pueblo School District No. 60's proportion was 1.8187015096 percent, which was a decrease of .0505857639 from its proportion measured as of December 31, 2014.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the Pueblo School District No. 60 recognized pension expense of \$23,985,226. At June 30, 2016, the Pueblo School District No. 60 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	\$ 3,673,104	\$ 11,585
Changes of assumptions or other inputs	-	3,930,851
Net difference between projected and actual earnings on pension plan investments	23,651,195	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	766,627	8,716,701
Contributions subsequent to the measurement date	7,975,937	-
Total	\$ 36,066,863	\$ 12,659,137

\$7,975,937 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	\$ 2,500,796
2018	\$ 3,050,872
2019	\$ 5,030,154
2020	\$ 4,849,967

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (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.
- 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

Sensitivity of the Pueblo School District No. 60 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	\$ 360,573,488	\$ 278,157,556	\$ 209,602,876

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.

NOTE 12 - POST-EMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan description. The Pueblo School District No. 60 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Funding policy. The Pueblo School District No. 60 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 Pueblo School District No. 60 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, 2016, 2015, and 2014 the Pueblo School District No. 60 contributions to the HCTF were \$848,829, \$800,729, and \$788,226, respectively, equal to their required contributions for each year.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

Plan Description

Pueblo City Schools provides life insurance benefits to a closed group of retired employees. A term life insurance policy whose face value is equal to the employee's salary at termination is provided to all full time salaries personnel (except educational assistants) employed prior to July 1, 1980 and who retired before September 1, 1995. This postemployment benefits (OPEB) plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or a report of another entity.

Funding Policy

The annual required contribution (ARC) is based on pay-as-you-go financing requirements. The District pays the cost of life insurance premiums during the life of the retiree. The contribution requirements are determined by a third party insurance provider. Plan members are not required to contribute. The District is required to contribute at an actuarially determined rate.

Annual OPEB cost and Net OPEB obligation

The District's OPEB cost is calculated based on annual required contributions (ARC) which is an amount determined on an actuarially determined basis in accordance with parameters outlined by generally accepted accounting principles. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 10 years.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The following table reports the components of the District’s OPEB costs for the year ended June 30, 2016, the amount actually contributed to the plan, and the changes in the District’s net OPEB obligation:

Annual required contribution (ARC)	\$ 1,320,620
Interest on net OPEB obligation	279,772
Adjustment to annual required contribution	<u>(751,881)</u>
Annual OPEB cost (expense)	848,511
Contributions made	<u>(535,695)</u>
Increase in net OPEB obligation	312,816
Net OPEB Obligation, beginning of the year	<u>6,217,149</u>
Net OPEB Obligation, end of the year	<u>\$ 6,529,965</u>

The District’s annual OPEB costs, the percentage of the annual OPEB cost contributed, and net post-employment benefit obligation for the plan for the last three years is as follows:

	Year Ended June 30		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual OPEB cost	\$ <u>848,511</u>	\$ <u>887,669</u>	\$ <u>1,134,327</u>
Employer contribution	<u>535,695</u>	<u>372,001</u>	<u>382,190</u>
Percentage of annual OPEB cost contributed	<u>63.1%</u>	<u>41.9%</u>	<u>33.7%</u>
Net OPEB obligation	\$ <u>6,529,965</u>	\$ <u>6,217,149</u>	\$ <u>5,701,481</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Funded status and funding progress

As of July 1, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 10,449,691	
Actuarial value of plan assets	-	
Unfunded actuarial accrued liability (UAAL)	\$ 10,449,691	
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (annual payroll of active Employees covered by the plan)		N/A
UAAL as a percentage of covered payroll		N/A

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations will use actuarial methods and assumptions that included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the current year was determined as part of the July 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Attained Age
Amortization of Unfunded Actuarial Accrued Liability	10 years, level dollar basis
Mortality	RP 2014 Mortality Table projected to 2024 with Scale BB
Investment rate of return	4.5%

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – JOINT VENTURE

The District is a participant with other school districts in a joint venture known as South Central Board of Cooperative Educational Services (Cooperative). The Cooperative is organized under provisions of Colorado law to provide special education services to member school districts in the Cooperative’s general area. The member school districts provide approximately 60% of the Cooperative’s total annual financial resources and each member district appoints a member of its board of education to serve on the governing body of the Cooperative. For the year ended June 30, 2016, the District purchased no services from the Cooperative. Complete financial statements for the Cooperative can be obtained from their administrative office at 323 S. Purcell Boulevard; Pueblo West, CO, 81007.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be immaterial.

Legal

During the year the District settled two unfavorable judgments. On April 7, 2016, the District settled a lawsuit in the amount of \$2,675,000. On April 9, 2016, the District settled a lawsuit in the amount of \$1,337,500.

The District is a defendant in other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Operating Leases

The District leases wide area telecommunication services and copier equipment under non-cancelable operating leases. Total costs for such leases were \$378,091 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	
2017	\$ 241,137
2018	241,137
2019	228,412
2020	39,322
2021	<u>26,215</u>
Total	<u>\$ 776,223</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments.

The entity's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes Enterprises from its provisions. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 7, 2000, voters of the District elected out of compliance with fiscal year spending provisions contained in the amendment with passage of the following election question:

Shall Pueblo School District No. 60 be authorized to collect, retain and expend all revenues and other funds collected in this fiscal year and in each fiscal year hereafter from any source, including without limitation the full revenues authorized under the Colorado Public School Finance Act of 1994 as amended or under any successor act, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, provided, however, that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of Pueblo School District No. 60?

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocable pledging present cash reserves for all future payments.

The Amendment requires Emergency Reserves to be established. These reserves must be 3 percent of Fiscal Year Spending. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 17 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

During the year, it was determined that pension contributions subsequent to the measurement date and other pension outflows and inflows totaling \$3,715,197 were not included in the statement of net position. It was also determined that short term compensated absences in the amount of \$310,734 should have been included in the General Fund.

The above restatements had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net position, July 1, 2015, as previously stated	\$ (143,929,823)
Restatement for net pension liability	(3,715,197)
Restatement for short term compensated absences	<u>(310,734)</u>
Net position, July 1, 2015, as restated	<u>\$ (147,955,754)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	Amount
Fund balances, July 1, 2015, as previously stated	\$ 25,011,137
Restatement for short term compensated absences	<u>(310,734)</u>
Fund balances, July 1, 2015, as restated	<u>\$ 24,700,403</u>

REQUIRED SUPPLEMENTARY INFORMATION

**PUEBLO SCHOOL DISTRICT NO. 60
PUEBLO CITY SCHOOLS OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
07/01/2010	\$ -	\$ 12,270,630	\$ 12,270,630	0%	N/A	N/A
07/01/2012	\$ -	\$ 11,949,493	\$ 11,949,493	0%	N/A	N/A
07/01/2014	\$ -	\$ 10,449,691	\$ 10,449,691	0%	N/A	N/A

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL
JUNE 30, 2016

	<u>2013</u>	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	1.9222776421%	1.8692872735%	1.8187015096%
District's proportionate share of the net pension liability (asset)	\$ 245,185,994	\$ 253,351,215	\$ 278,157,556
District's covered-employee payroll	\$ 77,493,133	\$ 78,309,727	\$ 79,258,595
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	316.40%	323.52%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

* The amounts presented for each fiscal year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
JUNE 30, 2016

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 12,034,684	\$ 12,866,288	\$ 13,735,515
Contributions in relation to the contractually required contribution	<u>(12,034,684)</u>	<u>(12,866,288)</u>	<u>(13,735,515)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 77,493,133	\$ 78,309,727	\$ 79,258,595
Contributions as a percentage of covered-employee payroll	15.53%	16.43%	17.33%

* The amounts presented for each fiscal year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 27,044,292	\$ 26,542,596	\$ 26,924,084	\$ 381,488
Specific ownership taxes	2,134,359	2,123,882	2,314,235	190,353
State sources	91,050,425	89,187,759	89,767,621	579,862
Federal sources	280,000	280,000	229,284	(50,716)
Other local revenue	2,815,920	3,568,075	3,852,279	284,204
	<u>123,324,996</u>	<u>121,702,312</u>	<u>123,087,503</u>	<u>1,385,191</u>
EXPENDITURES				
Instruction	75,656,036	73,654,464	73,432,668	221,796
Supporting services				
Student support	5,465,030	5,605,187	5,753,340	(148,153)
Instructional staff	5,485,711	5,266,278	5,189,012	77,266
General administration	2,141,582	2,089,240	2,750,426	(661,186)
School administration	7,621,049	8,130,643	8,462,678	(332,035)
Business services	1,566,768	2,341,006	1,558,377	782,629
Operations and maintenance	13,545,698	14,022,093	14,995,162	(973,069)
Student transportation	2,333,582	2,178,582	2,262,054	(83,472)
Central support service	6,692,403	6,330,061	5,350,080	979,981
Other support services	1,128,072	843,072	926,500	(83,428)
Community services	-	-	53,190	(53,190)
Debt service	-	352,944	352,945	(1)
Facilities acquisitions & construction	-	7,685,573	7,593,304	92,269
Contingency reserves	15,514,828	15,565,036	-	15,565,036
	<u>137,150,759</u>	<u>144,064,179</u>	<u>128,679,736</u>	<u>15,384,443</u>
Excess (deficiency) of revenues over expenditures	<u>(13,825,763)</u>	<u>(22,361,867)</u>	<u>(5,592,233)</u>	<u>16,769,634</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(2,250,655)</u>	<u>(2,649,270)</u>	<u>(3,149,270)</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(2,250,655)</u>	<u>(2,649,270)</u>	<u>(3,149,270)</u>	<u>(500,000)</u>
Net change in fund balance	(16,076,418)	(25,011,137)	(8,741,503)	16,269,634
Fund balance - beginning, as restated	<u>16,076,418</u>	<u>25,011,137</u>	<u>24,700,403</u>	<u>(310,734)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,958,900</u>	<u>\$ 15,958,900</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GOVERNMENTAL DESIGNATED- PURPOSE GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Local sources	\$ 303,230	\$ 157,283	\$ 49,168	\$ (108,115)
State sources	1,711,011	2,718,111	1,617,078	(1,101,033)
Federal sources	20,389,223	20,979,019	16,374,177	(4,604,842)
Total revenues	<u>22,403,464</u>	<u>23,854,413</u>	<u>18,040,423</u>	<u>(5,813,990)</u>
EXPENDITURES				
Instruction	11,306,979	12,039,270	9,104,962	2,934,308
Supporting services				
Student support	1,937,800	2,063,300	1,560,416	502,884
Instructional staff	6,041,435	6,432,706	4,864,875	1,567,831
Business services	42,105	44,832	33,905	10,927
Operations and maintenance	1,400,338	1,491,030	1,127,624	363,406
Student transportation	93,869	99,948	75,588	24,360
Central support service	236,601	251,924	190,523	61,401
Other support services	1,243,294	1,323,815	1,001,164	322,651
Community services	101,043	107,588	81,366	26,222
Total expenditures	<u>22,403,464</u>	<u>23,854,413</u>	<u>18,040,423</u>	<u>5,813,990</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund of the District.

Included in this presentation are the Athletics, Risk-Management, and Preschool Sub-Funds of the General Fund. These funds allow the District to separate the accounting and maintain a self-balancing set of records specific to these activities.

The General Fund is deemed to be a major fund for financial reporting purposes.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Local sources			
Property taxes	\$ 26,542,596	\$ 26,924,084	\$ 381,488
Specific ownership taxes	2,123,882	2,314,235	190,353
Tuition	200,000	216,985	16,985
Indirect costs	850,000	1,026,084	176,084
Student activities	614,000	631,712	17,712
Earnings on investments	30,000	79,008	49,008
Other local sources	1,874,075	1,898,490	24,415
Total local sources	<u>32,234,553</u>	<u>33,090,598</u>	<u>856,045</u>
State sources			
State equalization	83,602,232	84,081,790	479,558
Special education	3,920,932	4,026,847	105,915
Vocational education	215,000	156,734	(58,266)
Transportation	437,000	449,214	12,214
Other state sources	1,012,595	1,053,036	40,441
Total state sources	<u>89,187,759</u>	<u>89,767,621</u>	<u>579,862</u>
Federal sources			
Other	280,000	229,284	(50,716)
Total federal sources	<u>280,000</u>	<u>229,284</u>	<u>(50,716)</u>
Total revenues	<u>\$ 121,702,312</u>	<u>\$ 123,087,503</u>	<u>\$ 1,385,191</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Instructional services			
Instruction			
Salaries	\$ 51,915,974	\$ 52,159,652	\$ (243,678)
Employee benefits	14,742,548	14,912,760	(170,212)
Purchased services	2,599,148	1,709,837	889,311
Supplies	2,486,949	2,278,379	208,570
Capital outlay	234,936	235,914	(978)
Other expenses	101,402	579,740	(478,338)
Total instruction	<u>72,080,957</u>	<u>71,876,282</u>	<u>204,675</u>
Athletics			
Salaries	871,444	880,388	(8,944)
Employee benefits	166,243	174,952	(8,709)
Purchased services	344,701	315,102	29,599
Supplies	120,571	112,913	7,658
Capital outlay	-	21,358	(21,358)
Other expenses	70,548	51,673	18,875
Total athletics	<u>1,573,507</u>	<u>1,556,386</u>	<u>17,121</u>
Total instructional services	<u>73,654,464</u>	<u>73,432,668</u>	<u>221,796</u>
Supporting services			
Student support			
Salaries	4,292,011	4,283,889	8,122
Employee benefits	1,145,967	1,220,970	(75,003)
Purchased services	83,615	193,338	(109,723)
Supplies	72,163	12,631	59,532
Capital outlay	9,712	31,560	(21,848)
Other expenses	1,719	10,952	(9,233)
Total student support	<u>\$ 5,605,187</u>	<u>\$ 5,753,340</u>	<u>\$ (148,153)</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional staff			
Salaries	\$ 3,257,850	\$ 3,618,456	\$ (360,606)
Employee benefits	824,298	956,334	(132,036)
Purchased services	577,150	300,837	276,313
Supplies	590,898	266,191	324,707
Capital outlay	7,277	20,687	(13,410)
Other expenses	8,805	26,507	(17,702)
Total instructional staff	<u>5,266,278</u>	<u>5,189,012</u>	<u>77,266</u>
General administration			
Salaries	770,267	490,611	279,656
Employee benefits	200,269	134,103	66,166
Purchased services	1,030,487	716,384	314,103
Supplies	20,729	21,995	(1,266)
Capital outlay	6,910	-	6,910
Other expenses	60,578	1,387,333	(1,326,755)
Total general administration	<u>2,089,240</u>	<u>2,750,426</u>	<u>(661,186)</u>
School administration			
Salaries	6,306,328	6,501,330	(195,002)
Employee benefits	1,589,195	1,716,987	(127,792)
Purchased services	116,762	126,647	(9,885)
Supplies	115,658	107,361	8,297
Capital outlay	2,487	6,075	(3,588)
Other expenses	213	4,278	(4,065)
Total school administration	<u>8,130,643</u>	<u>8,462,678</u>	<u>(332,035)</u>
Business services			
Salaries	1,992,429	1,219,726	772,703
Employee benefits	563,857	357,946	205,911
Purchased services	607,389	338,771	268,618
Supplies	286,191	219,790	66,401
Capital outlay	17,893	36,537	(18,644)
Other expenses	(1,126,753)	(614,393)	(512,360)
Total business services	<u>\$ 2,341,006</u>	<u>\$ 1,558,377</u>	<u>\$ 782,629</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
Operations and maintenance			
Salaries	\$ 5,984,298	\$ 6,205,430	\$ (221,132)
Employee benefits	1,756,990	1,906,428	(149,438)
Purchased services	1,993,383	1,855,545	137,838
Supplies	4,098,767	4,900,161	(801,394)
Capital outlay	29,656	35,359	(5,703)
Other expenses	158,999	92,239	66,760
Total operations and maintenance	<u>14,022,093</u>	<u>14,995,162</u>	<u>(973,069)</u>
Student transportation			
Purchased services	2,023,184	2,259,903	(236,719)
Supplies	155,398	2,151	153,247
Other expenses	-	-	-
Total student transportation	<u>2,178,582</u>	<u>2,262,054</u>	<u>(83,472)</u>
Central support services			
Salaries	1,669,327	1,340,214	329,113
Employee benefits	2,004,448	1,691,833	312,615
Purchased services	1,682,620	1,114,703	567,917
Supplies	850,539	838,656	11,883
Capital outlay	71,398	333,297	(261,899)
Other expenses	51,729	31,377	20,352
Total central support services	<u>6,330,061</u>	<u>5,350,080</u>	<u>979,981</u>
Other supporting services			
Salaries	338,640	180,770	157,870
Employee benefits	269,180	527,651	(258,471)
Purchased services	35,289	93,960	(58,671)
Supplies	51,404	95,534	(44,130)
Capital outlay	-	-	-
Other expenses	148,559	28,585	119,974
Total other supporting services	<u>843,072</u>	<u>926,500</u>	<u>(83,428)</u>
Total supporting services	<u>\$ 46,806,162</u>	<u>\$ 47,247,629</u>	<u>\$ (441,467)</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
Community services			
Salaries	\$ -	\$ 40,611	\$ (40,611)
Employee benefits	-	12,579	(12,579)
Total community services	-	53,190	(53,190)
Debt service	352,944	352,945	(1)
Facilities and acquisitions	7,685,573	7,593,304	92,269
Contingency reserves	15,565,036	-	15,565,036
Total expenditures	144,064,179	128,679,736	15,384,443
Excess (deficiency) of revenues over expenditures	(22,361,867)	(5,592,233)	16,769,634
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(2,649,270)	(3,149,270)	(500,000)
Total other financing sources (uses)	(2,649,270)	(3,149,270)	(500,000)
Net change in fund balance	(25,011,137)	(8,741,503)	16,269,634
Fund balance - beginning, restated	25,011,137	24,700,403	(310,734)
Fund balance - ending	\$ -	\$ 15,958,900	\$ 15,958,900

See the accompanying independent auditors' report.

BOND REDEMPTION FUND

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

The Bond Redemption Fund is deemed to be a major fund for financial reporting purposes.

PUEBLO SCHOOL DISTRICT NO. 60
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 8,083,788	\$ 8,169,068	\$ 85,280
Investment income	7,000	17,456	10,456
	<u>8,090,788</u>	<u>8,186,524</u>	<u>95,736</u>
EXPENDITURES			
Debt Service			
Principal	5,520,000	5,520,000	-
Interest	2,419,112	2,419,113	(1)
Contingency reserves	-	-	-
	<u>7,939,112</u>	<u>7,939,113</u>	<u>(1)</u>
Net change in fund balance	151,676	247,411	95,735
Fund balance - beginning	<u>8,690,154</u>	<u>8,690,154</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,841,830</u>	<u>\$ 8,937,565</u>	<u>\$ 95,735</u>

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

This fund is used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment, and vehicles.

The Capital Projects Fund is deemed to be a major fund for financial reporting purposes.

PUEBLO SCHOOL DISTRICT NO. 60
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Specific ownership taxes	\$ 656,000	\$ 705,987	\$ 49,987
Investment income	200,000	210,280	10,280
Other local revenue	321,162	466,404	145,242
Total revenues	<u>1,177,162</u>	<u>1,382,671</u>	<u>205,509</u>
EXPENDITURES			
Instruction	-	2,456	(2,456)
Supporting services			
Operations and maintenance	3,770,139	4,055,844	(285,705)
Central	600,000	383,099	216,901
Debt Service			
Principal	2,210,000	2,210,000	-
Contingency reserves	7,936,218	-	7,936,218
Total expenditures	<u>14,516,357</u>	<u>6,651,399</u>	<u>7,864,958</u>
Excess (deficiency) in revenues over expenditures	<u>(13,339,195)</u>	<u>(5,268,728)</u>	<u>8,070,467</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>2,999,270</u>	<u>3,499,270</u>	<u>500,000</u>
Net change in fund balance	(10,339,925)	(1,769,458)	8,570,467
Fund balance - beginning	<u>10,339,925</u>	<u>10,339,925</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 8,570,467</u>	<u>\$ 8,570,467</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

School District No. 60 Education Foundation, Inc.

A non-profit entity organized to further educational programs for District students.

Food Service Fund

This fund accounts for all financial activities associated with the District's school food service program.

PUEBLO SCHOOL DISTRICT NO. 60
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Education Foundations, Inc.	Food Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 77,712	\$ 1,677,498	\$ 1,755,210
Accounts receivable, net	-	1,311,503	1,311,503
Due from other funds	3,276	615,618	618,894
Inventories	-	73,872	73,872
	<u>80,988</u>	<u>3,678,491</u>	<u>3,759,479</u>
Total assets	<u>\$ 80,988</u>	<u>\$ 3,678,491</u>	<u>\$ 3,759,479</u>
LIABILITIES			
Accounts payable	\$ 2,500	\$ 93,882	\$ 96,382
Accrued salaries and benefits	-	83,778	83,778
	<u>2,500</u>	<u>177,660</u>	<u>180,160</u>
Total liabilities	<u>2,500</u>	<u>177,660</u>	<u>180,160</u>
FUND BALANCES			
Nonspendable for:			
Inventories and prepaids	-	73,872	73,872
Committed for:			
Foundation activities	78,488	-	78,488
Assigned for:			
Food service operations	-	3,426,959	3,426,959
	<u>78,488</u>	<u>3,500,831</u>	<u>3,579,319</u>
Total fund balances	<u>78,488</u>	<u>3,500,831</u>	<u>3,579,319</u>
Total liabilities, and fund balances	<u>\$ 80,988</u>	<u>\$ 3,678,491</u>	<u>\$ 3,759,479</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Education Foundations, Inc.	Food Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Local sources	\$ 15,621	\$ 131,211	\$ 146,832
State sources	-	72,751	72,751
Federal sources	-	9,886,742	9,886,742
	<u>15,621</u>	<u>10,090,704</u>	<u>10,106,325</u>
EXPENDITURES			
Instruction	32,059	-	32,059
Supporting services	1,238	-	1,238
Community services	369	-	369
Food service operations	-	8,732,328	8,732,328
	<u>33,666</u>	<u>8,732,328</u>	<u>8,765,994</u>
Excess (deficiency) of revenues over expenditures	<u>(18,045)</u>	<u>1,358,376</u>	<u>1,340,331</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(250,000)	(250,000)
	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Net change in fund balances	(18,045)	1,108,376	1,090,331
Fund balances - beginning, restated	<u>96,533</u>	<u>2,392,455</u>	<u>2,488,988</u>
Fund balances - ending	<u>\$ 78,488</u>	<u>\$ 3,500,831</u>	<u>\$ 3,579,319</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHOOL DISTRICT NO. 60 EDUCATION FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Contributions	\$ 15,000	\$ 15,420	\$ 420
Investment income	75	201	126
Total revenues	<u>15,075</u>	<u>15,621</u>	<u>546</u>
EXPENDITURES			
Instruction	32,500	32,059	441
Supporting services	500	1,238	(738)
Community services	-	369	(369)
Contingency reserves	-	-	-
Total expenditures	<u>33,000</u>	<u>33,666</u>	<u>(666)</u>
Net change in fund balance	(17,925)	(18,045)	(120)
Fund balance - beginning	<u>96,533</u>	<u>96,533</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 78,608</u></u>	<u><u>\$ 78,488</u></u>	<u><u>\$ (120)</u></u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 175,547	\$ 131,211	\$ (44,336)
State sources	75,500	72,751	(2,749)
Federal sources	10,623,357	9,886,742	(736,615)
Total revenues	<u>10,874,404</u>	<u>10,090,704</u>	<u>(783,700)</u>
EXPENDITURES			
Salaries	2,575,000	2,387,855	187,145
Employee benefits	643,750	604,628	39,122
Purchased services	194,377	108,126	86,251
Supplies	6,338,520	5,556,385	782,135
Equipment	500,000	71,561	428,439
Other	4,000	3,773	227
Total operating expenses	<u>10,255,647</u>	<u>8,732,328</u>	<u>1,523,319</u>
Operating income (loss)	<u>618,757</u>	<u>1,358,376</u>	<u>739,619</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Change in fund balances	618,757	1,108,376	489,619
Fund balance - beginning	<u>2,392,455</u>	<u>2,392,455</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,011,212</u>	<u>\$ 3,500,831</u>	<u>\$ 489,619</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

Risk Management Fund

This fund accounts for risk management activities of the District.

PUEBLO SCHOOL DISTRICT NO. 60
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 2,260,000	\$ 2,209,509	\$ (50,491)
Total operating revenues	2,260,000	2,209,509	(50,491)
OPERATING EXPENSES			
Insurance claims and expenses	2,193,550	1,552,945	640,605
Total operating expenses	2,193,550	1,552,945	640,605
Operating income (loss)	66,450	656,564	590,114
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	-	16	16
Total non-operating revenue (expenses)	-	16	16
Income (loss) before transfers	66,450	656,580	590,130
Transfers in (out)	(100,000)	(100,000)	-
Change in net position	(33,550)	556,580	590,130
Net position - beginning	1,069,289	1,069,289	-
Net position - ending	<u>\$ 1,035,739</u>	<u>\$ 1,625,869</u>	<u>\$ 590,130</u>

See the accompanying independent auditors' report.

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held by the District in a trustee capacity. The District has the following Fiduciary Fund:

Student Activity Agency Fund

This fund was created to act as custodian for various student groups and activity funds.

PUEBLO SCHOOL DISTRICT NO. 60
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 1,731,680	\$ 2,218,897	\$ 2,202,277	\$ 1,748,300
Accounts receivable	-	5,654	-	5,654
Due from primary government	127,283	60,917	-	188,200
Total assets	<u>\$ 1,858,963</u>	<u>\$ 2,285,468</u>	<u>\$ 2,202,277</u>	<u>\$ 1,942,154</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,454	\$ -	\$ 2,454
Payable to primary government	6,732	-	6,732	-
Due to student organizations	1,852,231	2,283,014	2,195,545	1,939,700
Total liabilities	<u>\$ 1,858,963</u>	<u>\$ 2,285,468</u>	<u>\$ 2,202,277</u>	<u>\$ 1,942,154</u>

See the accompanying independent auditors' report.

COMPONENT UNITS

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	PSAS	CHAVEZ/ HUERTA	Total
ASSETS			
Cash and cash equivalents	\$ 1,377,027	\$ 2,889,721	\$ 4,266,748
Accounts receivable	-	1,311	1,311
Grant receivable	-	35,465	35,465
Intergovernmental receivables	(15,814)	-	(15,814)
Inventory and other assets	3,528	50,000	53,528
Restricted cash and cash equivalents	-	1,818,032	1,818,032
Capital assets, not being depreciated	-	1,178,524	1,178,524
Capital assets, net of depreciation	199,151	9,815,768	10,014,919
Total assets	1,563,892	15,788,821	17,352,713
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	834,814	1,523,862	2,358,676
Total deferred outflows of resources	834,814	1,523,862	2,358,676
LIABILITIES			
Accounts payable and accrued liabilities	57,546	114,840	172,386
Accrued salaries and benefits	169,756	23,138	192,894
Accrued interest	-	241,831	241,831
Unearned revenue	38,177	200,000	238,177
Long-term liabilities			
Due within one year	-	375,000	375,000
Due in more than one year	5,703,484	24,728,231	30,431,715
Total liabilities	5,968,963	25,683,040	31,652,003
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	80,838	1,504,320	1,585,158
NET POSITION			
Net investment in capital assets	199,151	(2,141,468)	(1,942,317)
Restricted for:			
Emergency reserve	97,286	240,000	337,286
Debt service	-	1,315,958	1,315,958
Other purposes	-	260,243	260,243
Unrestricted	(3,947,532)	(9,549,410)	(13,496,942)
Total net position	\$ (3,651,095)	\$ (9,874,677)	\$ (13,525,772)

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>PSAS</u>	<u>CHAVEZ/ HUERTA</u>	<u>Total</u>
REVENUES			
Per pupil revenue	\$ 3,120,311	\$ 7,223,494	\$ 10,343,805
Charges for services	39,450	50,251	89,701
Operating grants and contributions	75,434	911,285	986,719
Capital grants and contributions	55,563	257,277	312,840
Investment earnings	-	1,947	1,947
Other	17,525	101,029	118,554
	<u>3,308,283</u>	<u>8,545,283</u>	<u>11,853,566</u>
EXPENSES			
Instruction	2,227,489	3,405,085	5,632,574
Supporting services	1,369,318	3,262,787	4,632,105
Depreciation and amortization	-	303,611	303,611
Interest and fiscal charges	-	591,859	591,859
	<u>3,596,807</u>	<u>7,563,342</u>	<u>11,160,149</u>
Change in net position	(288,524)	981,941	693,417
Net position - beginning, as restated	<u>(3,362,571)</u>	<u>(10,856,618)</u>	<u>(14,219,189)</u>
Net position - ending	<u>\$ (3,651,095)</u>	<u>\$ (9,874,677)</u>	<u>\$ (13,525,772)</u>

See the accompanying independent auditors' report.

EXPENDITURES OF FEDERAL AWARDS

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553	\$ -	\$ 3,327,640
National School Lunch Program	10.555	4555		5,608,923
Summer Food Service Program for Children	10.559	4559		125,922
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		567,089
<i>Total Child Nutrition Cluster</i>				9,629,574
Passed Through Colorado Department of Education				
Child Nutrition Discretionary Grants	10.579	5579		41,158
Fresh Fruit and Vegetable Program	10.582	4582		211,925
Passed Through Colorado Department of Health and Environment				
Child and Adult Care Food Program	10.558	4558		45,243
Total U.S. Department of Agriculture				9,927,900
U.S. Department of Defense				
Direct Programs				
Reserve Officer Training Corps (ROTC)	12.Unknown	9001		217,428
Total Department of Defense				217,428
U.S. Department of Education				
Direct Programs				
Impact Aid	84.041	4041		11,856
Magnet Schools Assistance	84.165A	5165		3,848,761
Fund for the Improvement of Education	84.215	4215		335,438
				4,196,055
Passed Through Colorado Department of Education				
<i>Special Education Cluster</i>				
Special Education: Grants to States IDEA Part B	84.027	4027, 5027		3,190,928
Special Education: Preschool Grants	84.173	4173		109,880
<i>Total SPED Cluster</i>				3,300,808
		4010, 5010, 7010,		
No Child Left Behind, Title I, Part A	84.010	8010		6,646,762
Education for Homeless Children and Youth	84.196	5196		42,336
Advanced Placement Program, Title I, Part G	84.330	5330		6,076
High School Graduation Initiative	84.360	5360		40,995
English Language Learners, Title III, Part A	84.365	4365		83,825
Quality Teacher, Title II, Part A	84.367	4367		1,485,142
Race to the Top	84.412	5412		12,978
Passed through Colorado Community College System				
Vocational Education - Carl Perkins	84.048	4048		161,365
Passed through Pueblo County School District 70				
Migrant Education	84.011	4011		8,911
Total U.S. Department of Education				15,985,253

See the accompanying independent auditors' report.

**PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services Corporation for National and Community Service				
Direct				
Centers for Disease Control and Prevention Investigations	93.283	7283		8,600
Total Corporation for National and Community Service				8,600
Total Federal Awards			\$ -	\$ 26,139,181

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pueblo School District No. 60 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pueblo School District No. 60, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pueblo School District No. 60.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have a CFDA number, so the Federal CFDA number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

NOTE 3 – INDIRECT COST RATE

Pueblo School District No. 60 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2016, Pueblo School District No. 60 received \$567,089 in non-cash assistance in the form of food commodities.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Pueblo School District No. 60

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Pueblo School District No. 60’s basic financial statements, and have issued our report thereon dated December 13, 2016. Our report includes a reference to other auditors who audited the financial statements of discretely presented component units, as described in our report on Pueblo School District No. 60’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pueblo School District No. 60’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pueblo School District No. 60’s internal control. Accordingly, we do not express an opinion on the effectiveness of Pueblo School District No. 60’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pueblo School District No. 60's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
December 13, 2016



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

To the Board of Education
Pueblo School District No. 60

Report on Compliance for Each Major Federal Program

We have audited Pueblo School District No. 60's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pueblo School District No. 60's major federal programs for the year ended June 30, 2016. Pueblo School District No. 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pueblo School District No. 60's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pueblo School District No. 60's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pueblo School District No. 60's compliance.

Opinion on Each Major Federal Program

In our opinion, Pueblo School District No. 60, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

Pueblo School District No. 60's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pueblo School District No. 60's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Pueblo School District No. 60 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pueblo School District No. 60's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pueblo School District No. 60's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Pueblo School District No. 60's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pueblo School District No. 60's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
December 13, 2016

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

2016-001 Activities Allowed - SPED funds

Federal program: 84.027 and 84.173

Special Education Cluster

Criteria: A local educational agency (LEA) may only use Federal funds under IDEA, Part B for the excess costs of providing special education and related services to children with disabilities. An individual education plan (IEP) is required for each student provided special education services.

Condition: The District's December 1 student count identifies students to be served with SPED funds; however, a number of the students included in the count did not have current IEP's on file.

Context: Of the 60 files initially selected for testing during an internal audit, 5 files did not have a current IEP on file.

Effect: Because the December 1 student count is not accurate, the District may not be appropriately identifying students to be served with SPED funds.

Cause: Procedures have not been designed to identify students that should be purged from the December 1 student count listing.

Recommendation: Management should implement procedures that include a review of the December 1 student count for the proper inclusion of SPED students. Such a review should verify that each student listed has an IEP on file.

Views of Responsible Officials and Planned Corrective Action: During the 2015-2016 fiscal year, the finance department conducted an internal audit of the Special Education department files to verify current IEPs on file. The above findings were identified during that audit process. Of the 5 files identified above, an IEP was subsequently performed with 1 of the 5 no longer qualifying for services and a second removed from services by their parent. Management agrees with the above finding and has taken steps to improve its review of the December 1 student count for the 2016-2017 fiscal year.

**PUEBLO SCHOOL DISTRICT NO. 60
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Pueblo School District No. 60 Schedule of Findings and Questioned Costs for the year ended June 30, 2015. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2016 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2013-002	84.027, 84.173	Special Education Cluster	Activities Allowed – SPED funds	Not corrected. Reported as finding 2016-001. See page 72.

**COLORADO SCHOOL DISTRICT/BOCES AUDITORS'
DATA INTEGRITY REPORT**

H*c*
Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON
COLORADO SCHOOL DISTRICT/BOCES
AUDITOR'S INTEGRITY REPORT**

To the Board of Education
Pueblo School District No. 60

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2016, which collectively comprise Pueblo School District No. 60's basic financial statements, and our report thereon dated December 13, 2016, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents. Other auditors audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pueblo School District No. 60's financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 13, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 2690 - PUEBLO CITY 60
 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	23,419,377	115,174,720	123,271,695	15,322,403
18 Risk Mgmt Sub-Fund of General Fund	611,132	529,108	684,313	455,927
19 Colorado Preschool Program Fund	669,893	4,234,404	4,723,727	180,570
Sub- Total	24,700,403	119,938,232	128,679,736	15,958,900
11 Charter School Fund	2,917,915	11,849,303	11,029,439	3,737,780
20,26-29 Special Revenue Fund	96,533	15,621	33,666	78,488
21 Food Service Spec Revenue Fund	2,392,455	9,840,703	8,732,328	3,500,831
22 Govt Designated-Purpose Grants Fund	0	18,040,423	18,040,423	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	8,690,154	8,186,524	7,939,112	8,937,565
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	10,339,925	4,881,941	6,651,399	8,570,467
Totals	49,137,386	172,752,747	181,106,102	40,784,030
Proprietary				
50 Other Enterprise Funds	-1,095,739	6,936	-62,433	-1,026,370
64 (63) Risk-Related Activity Fund	1,069,289	-99,984	-656,564	1,625,869
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	-26,450	-93,048	-718,998	599,500
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	1,852,231	2,283,014	2,195,545	1,939,700
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,852,231	2,283,014	2,195,545	1,939,700

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.