

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

**FINANCIAL STATEMENTS**

**June 30, 2017**



**RECEIVED**

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## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

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

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share, and the schedule of the District's contributions on pages 33-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

*John Luthr & Associates, LLC*

December 15, 2017

# Platte Canyon School District RE 1

## Management Discussion and Analysis

As management of Platte Canyon School District RE 1, we offer 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, 2017. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The liabilities of the District exceeded its assets as of June 30, 2017, by \$12,275,944 (net position). The negative net position is due to GASB Statement No. 68 on pension disclosures which reflects the District's proportionate share of the pension plan's unfunded pension liability.
- The District's net position decreased by \$5,040,071 from 2016.
- The District's General Fund had a fund balance of \$2,566,381, or 25% of total General Fund Expenditures.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information on all 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 the financial health of the District.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event effecting 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 only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

- **Governmental activities:** Most of the District's basic services are included here, such as instructional services, support services, food services and student activities. Such services include activities relating to building maintenance, technology and administration.

The government-wide financial statements can be found on pages 1 and 2 of this report.

## **Fund Financial Statements**

A fund is a grouping of self-balancing, related accounts that are used to maintain control over resources that have been segregated for specific purposes. Our District uses fund accounting to ensure and demonstrate compliance with financial and government fund and proprietary funds.

### **Government Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The District's most significant, or "major" governmental funds include the General Fund, Grant Fund, Bond Redemption Fund and Other Governmental Funds.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

The basic major governmental fund statements start on page 3.

### **Fiduciary Funds**

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

The statement of fiduciary position can be found on page 6 of this report.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An annual review of net position may serve as a useful indicator of a government’s financial position. The District’s liabilities exceeded assets by \$12,275,944. In the previous year of 2016, the liabilities exceeded assets by \$7,235,873.

The assets of the District are classified as current assets and capital assets. Current assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax receivables and cash and investments.

Capital assets are made up of land, buildings, equipment, and construction in progress. Current and long-term liabilities are classified based upon anticipated liquidation, either in the near-term or in the future.

### Platte Canyon School District No.1 Net Position

| <b>Assets:</b>                              | <b>2017</b>         | <b>2016</b>        |
|---|---------------------|--------------------|
| Current and other assets                    | \$ 4,185,091        | \$ 5,356,777       |
| Capital assets, net                         | 14,618,991          | 14,196,479         |
| <b>Total Assets</b>                         | <b>18,804,082</b>   | <b>19,553,256</b>  |
| <br><b>Deferred Outflows of Resources:</b>  |                     |                    |
| Pension related deferred outflow            | 14,010,337          | 2,425,411          |
| Deferred charges                            | 10,340              | 12,063             |
| <b>Total deferred outflows of resources</b> | <b>14,020,677</b>   | <b>2,437,474</b>   |
| <br><b>Liabilities:</b>                     |                     |                    |
| Other liabilities                           | 665,534             | 802,574            |
| Long-term liabilities                       | 43,060,793          | 27,124,330         |
| <b>Total Liabilities</b>                    | <b>43,726,327</b>   | <b>27,926,904</b>  |
| <br><b>Deferred Inflows of Resources:</b>   |                     |                    |
| Pension related deferred inflow             | 1,374,376           | 1,299,699          |
| <br><b>Net Position:</b>                    |                     |                    |
| Net investment in capital assets            | 8,881,928           | 7,985,759          |
| Restricted                                  | 1,034,079           | 1,073,924          |
| Unrestricted                                | (22,191,951)        | (16,295,556)       |
| <b>Total Net Position</b>                   | <b>(12,275,944)</b> | <b>(7,235,873)</b> |

Of the District’s total assets, 78% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

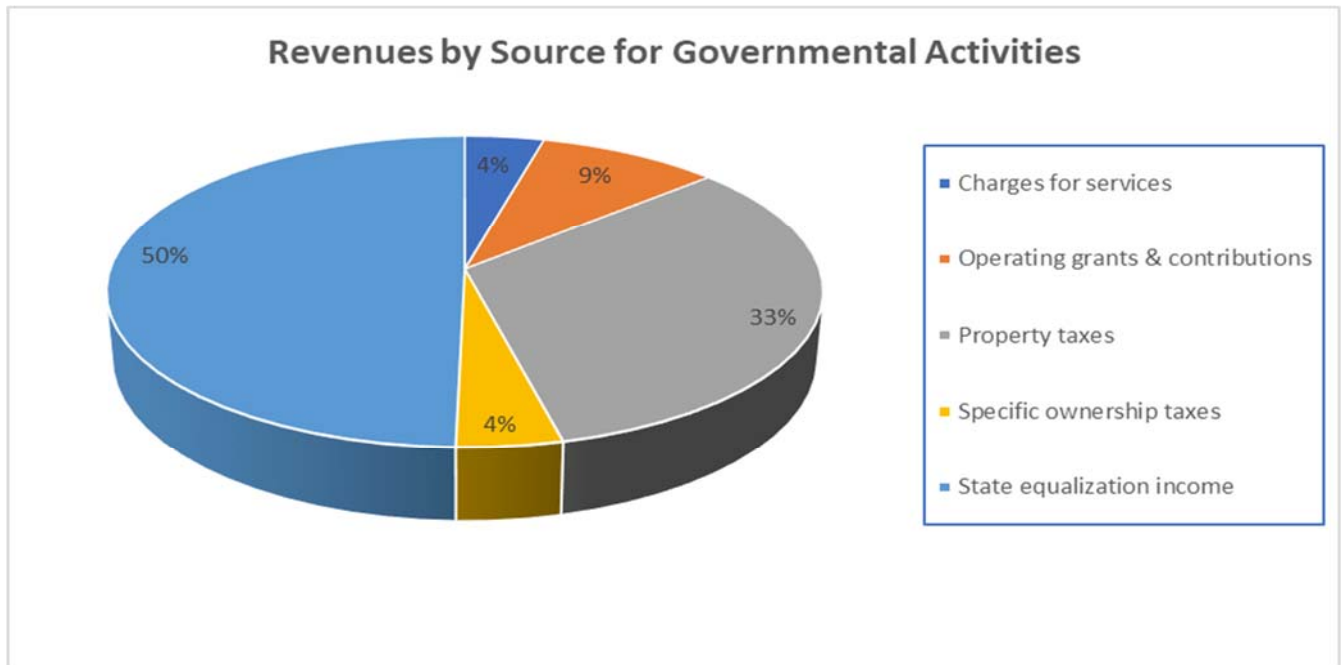
Net position for governmental activities decreased by \$5,040,071. The following schedule summarizes the District's change in net position:

**Platte Canyon School District No.1 Net Position**

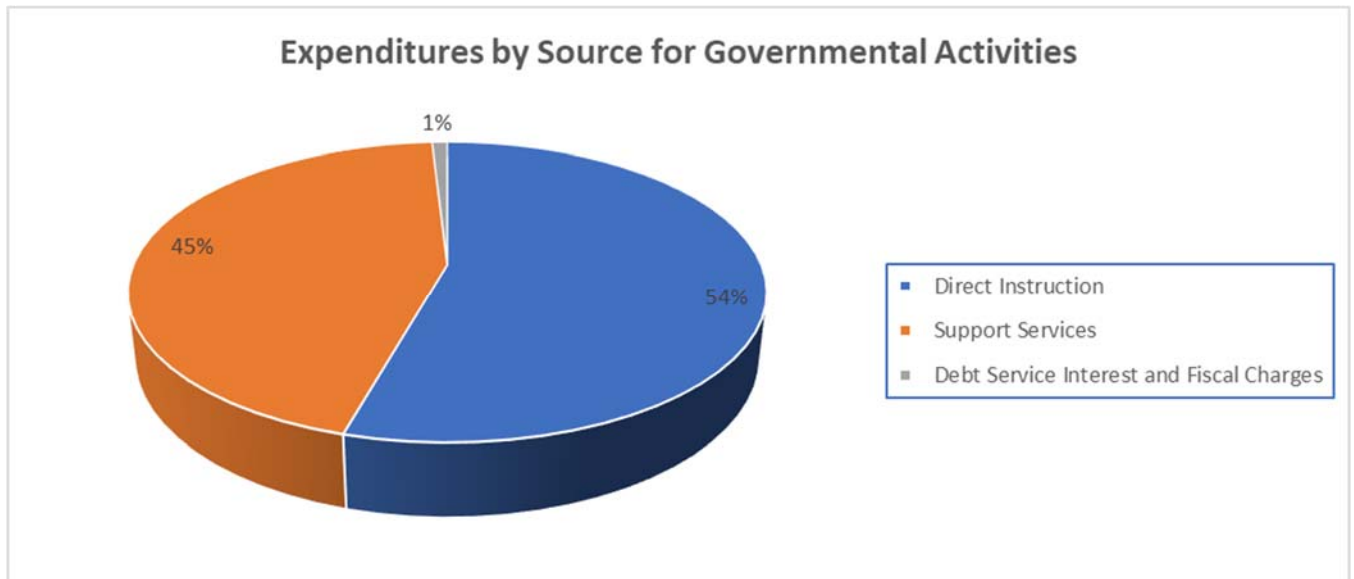
| <b>Revenues:</b>                         | <u>2017</u>         | <u>2016</u>        |
|--|---------------------|--------------------|
| Program revenues:                        |                     |                    |
| Charges for services                     | \$ 426,016          | 324,267            |
| Operating grants & contributions         | 982,308             | 1,315,613          |
| General revenues:                        |                     |                    |
| Local Property Taxes                     | 3,405,705           | 3,481,114          |
| Specific Ownership Taxes                 | 437,623             | 421,622            |
| State Equalization Income                | 5,178,675           | 5,317,713          |
| Interest Income                          | 16,635              | 9,759              |
| Other Revenues                           | <u>291,014</u>      | <u>381,685</u>     |
| <b>Total Revenues:</b>                   | <u>10,737,976</u>   | <u>11,251,773</u>  |
| <br>                                     |                     |                    |
| <b>Expenses:</b>                         |                     |                    |
| Direct Instruction                       | 8,581,234           | 5,393,244          |
| Support Services                         | 7,052,099           | 5,480,929          |
| Debt Service Interest and Fiscal Charges | <u>144,714</u>      | <u>119,219</u>     |
| <b>Total Expenses:</b>                   | <u>15,778,047</u>   | <u>10,993,392</u>  |
| <br>                                     |                     |                    |
| <b>Changes in Net Position:</b>          | (5,040,071)         | 258,381            |
| <br>                                     |                     |                    |
| <b>Net Position - Beginning of Year</b>  | (7,235,873)         | (7,494,254)        |
| <br>                                     |                     |                    |
| <b>Net Position - End of Year</b>        | <u>(12,275,944)</u> | <u>(7,235,873)</u> |

Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District's revenue. The remaining revenue comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources. The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

The following chart displays the revenues by source for the total District:



The following chart displays the expenditures by source for the total District:



The District's expenditures are predominately related to instruction, with the general administrative and support services, operations and maintenance, and interest on bond payments accounting for the remaining expenditures.

**Financial Analysis of the District's Funds:** As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,413,087 which is a decrease of \$1,038,711 from the prior year ending fund balances.

**General Fund Budgetary Highlights:** The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. The original budget is prepared based on a conservative estimate of student growth. This guarantees the District does not overstaff or overextend its financial capabilities. The General Fund's actual results were under budgeted appropriations by \$2,215,041.

**Capital Assets and Debt Administration:** The District's investment in capital assets for governmental activities as of June 30, 2017, amounts to \$14,618,991 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Long Term Debt: As of June 30, 2017, the District had outstanding debt of \$6,840,276.

**Economic Factors and Next Year's Budget:** The Public School Finance Act of 1994 is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school District based upon a formula that takes into consideration the cost of living, number of students, District size, personnel vs. non-personnel, and number of at-risk students. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax statewide for all Districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization.

The FY 2018 General Fund Budget of \$10,827,580 is a \$1,430,796 reduction from the 2017 General Fund Adjusted Budget. A portion of the overall decrease, \$1,114,674, is due to the completion of the district's energy project.

**Next Year's Budget and Fund Balance:** The District's General Fund balance at the end of fiscal year 2017 is \$2,566,381. The subsequent year's budget for fiscal year 2018 is fiscally balanced.

**Request for Information:**

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

## **BASIC FINANCIAL STATEMENTS**

PLATTE CANYON SCHOOL DISTRICT NO.1

STATEMENT OF NET POSITION

June 30, 2017

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2017                    | 2016                  |
| <b>ASSETS</b>  |                         |                       |
| Cash and Investments   | \$ 2,880,196            | \$ 3,642,869          |
| Restricted Cash and Investments                                | 947,560                 | 1,194,574             |
| Taxes Receivable   | 235,546                 | 219,908               |
| Grants Receivable  | 106,438                 | 236,126               |
| Accounts Receivable  | -                       | 42,228                |
| Prepaid Expenses   | -                       | 1,699                 |
| Inventories  | 15,351                  | 19,373                |
| Capital Assets, Not Depreciated                                | 1,360,530               | 1,563,578             |
| Capital Assets, Depreciated<br>Net of Accumulated Depreciation | 13,258,461              | 12,632,901            |
| <b>TOTAL ASSETS</b>  | <b>18,804,082</b>       | <b>19,553,256</b>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                          |                         |                       |
| Related to Pensions  | 14,010,337              | 2,425,411             |
| Deferred Charges   | 10,340                  | 12,063                |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>14,020,677</b>       | <b>2,437,474</b>      |
| <b>LIABILITIES</b>   |                         |                       |
| Accounts Payable   | 210,445                 | 249,253               |
| Accrued Salaries and Benefits                                  | 443,443                 | 488,147               |
| Unearned Revenues  | -                       | 52,386                |
| Accrued Interest   | 11,646                  | 12,788                |
| Noncurrent Liabilities   |                         |                       |
| Due Within One Year  | 757,083                 | 729,451               |
| Due in More Than One Year                                      | 6,083,193               | 6,831,496             |
| Net Pension Liability  | 36,220,517              | 19,563,383            |
| <b>TOTAL LIABILITIES</b>                                       | <b>43,726,327</b>       | <b>27,926,904</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                           |                         |                       |
| Related to Pensions  | 1,374,376               | 1,299,699             |
| <b>NET POSITION</b>  |                         |                       |
| Net Investment in Capital Assets                               | 8,881,928               | 7,985,759             |
| Restricted for Debt Service                                    | 761,079                 | 816,924               |
| Restricted for Emergencies                                     | 273,000                 | 257,000               |
| Unrestricted   | (22,191,951)            | (16,295,556)          |
| <b>TOTAL NET POSITION</b>                                      | <b>\$ (12,275,944)</b>  | <b>\$ (7,235,873)</b> |

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

PLATTE CANYON SCHOOL DISTRICT NO.1

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

| FUNCTIONS/PROGRAMS             | Expenses             | PROGRAM REVENUES        |  | NET (EXPENSE) REVENUE AND<br>CHANGES IN NET POSITION |                       |
|--------------------------------|----------------------|-------------------------|--|--|-----------------------|
|                                |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental Activities                              |                       |
|                                |                      |                         |  | 2017   | 2016                  |
| <b>PRIMARY GOVERNMENT</b>      |                      |                         |  |  |                       |
| <b>Governmental Activities</b> |                      |                         |  |  |                       |
| Instruction                    | \$ 8,581,234         | \$ -                    | \$ 667,842                               | \$ (7,913,392)                                       | \$ (4,402,707)        |
| Supporting Services            | 7,052,099            | 426,016                 | 314,466                                  | (6,311,617)  | (4,831,586)           |
| Interest and Fiscal Charges    | 144,714              | -                       | -  | (144,714)  | (119,219)             |
| Total Governmental Activities  | <u>\$ 15,778,047</u> | <u>\$ 426,016</u>       | <u>\$ 982,308</u>                        | <u>(14,369,723)</u>                                  | <u>(9,353,512)</u>    |
| <b>GENERAL REVENUES</b>        |                      |                         |  |  |                       |
|                                |                      |                         |  | 3,405,705  | 3,481,114             |
| Local Property Taxes           |                      |                         |  | 437,623  | 421,622               |
| Specific Ownership Taxes       |                      |                         |  | 5,178,675  | 5,317,713             |
| State Equalization             |                      |                         |  | 291,014  | 381,685               |
| Other Revenues                 |                      |                         |  | 16,635   | 9,759                 |
| Earnings on Investments        |                      |                         |  |  |                       |
| TOTAL GENERAL REVENUES         |                      |                         |  | <u>9,329,652</u>                                     | <u>9,611,893</u>      |
| CHANGE IN NET POSITION         |                      |                         |  | (5,040,071)  | 258,381               |
| NET POSITION, Beginning,       |                      |                         |  | <u>(7,235,873)</u>                                   | <u>(7,494,254)</u>    |
| NET POSITION, Ending           |                      |                         |  | <u>\$ (12,275,944)</u>                               | <u>\$ (7,235,873)</u> |

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

|   | GENERAL             | GRANT             | BOND<br>REDEMPTION | OTHER<br>GOVERNMENTAL<br>FUNDS |
|---|---------------------|-------------------|--------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                   |                    |                                |
| Cash and Investments  | \$ 2,743,329        | \$ -              | \$ 18,151          | \$ 118,716                     |
| Restricted Cash and Investments                                   | 223,351             | -                 | 724,209            | -                              |
| Taxes Receivable  | 187,806             | -                 | 47,740             | -                              |
| Grants Receivable   | -                   | 106,438           | -                  | -                              |
| Accounts Receivable   | -                   | -                 | -                  | -                              |
| Prepaid Expenses  | -                   | -                 | -                  | -                              |
| Inventories   | -                   | -                 | -                  | 15,351                         |
| Due from Other Funds  | 111,278             | -                 | -                  | -                              |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,265,764</b> | <b>\$ 106,438</b> | <b>\$ 790,100</b>  | <b>\$ 134,067</b>              |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>        |                     |                   |                    |                                |
| <b>LIABILITIES</b>  |                     |                   |                    |                                |
| Accounts Payable  | \$ 198,691          | \$ 534            | \$ -               | \$ 11,220                      |
| Accrued Salaries and Benefits                                     | 411,597             | 31,846            | -                  | -                              |
| Unearned Revenues   | -                   | -                 | -                  | -                              |
| Due to Other Funds  | -                   | 74,058            | -                  | 37,220                         |
| <b>TOTAL LIABILITIES</b>  | <b>610,288</b>      | <b>106,438</b>    | <b>-</b>           | <b>48,440</b>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                     |                   |                    |                                |
| Deferred Property Tax Revenue                                     | 89,095              | -                 | 29,021             | -                              |
| <b>FUND BALANCES</b>  |                     |                   |                    |                                |
| Nonspendable  | -                   | -                 | -                  | 15,351                         |
| Restricted for Emergencies  | 273,000             | -                 | -                  | -                              |
| Restricted for Capital Projects                                   | 223,351             | -                 | -                  | -                              |
| Restricted for Debt Service                                       | -                   | -                 | 761,079            | -                              |
| Assigned for Swimming Pool  | -                   | -                 | -                  | 70,276                         |
| Unassigned  | 2,070,030           | -                 | -                  | -                              |
| <b>TOTAL FUND BALANCES</b>  | <b>2,566,381</b>    | <b>-</b>          | <b>761,079</b>     | <b>85,627</b>                  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS,<br/>AND FUND BALANCES</b> | <b>\$ 3,265,764</b> | <b>\$ 106,438</b> | <b>\$ 790,100</b>  | <b>\$ 134,067</b>              |

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

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

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

Long-term liabilities, including bonds payable (\$5,220,000), capital lease payable (\$1,150,123), bond premium (\$267,505), accrued interest (\$11,646), compensated absences (\$202,648) and deferred charges \$10,340 are not due and payable in the current period and are not report in the funds.

Long-term liabilities related to pensions, including net pension liability (\$36,220,517), deferred inflows (\$1,374,376), and deferred outflows \$14,010,337 are not due and payable in the current period and are not report in the funds.

Net position of governmental activities

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

TOTALS

| 2017                | 2016                |
|---------------------|---------------------|
| \$ 2,880,196        | \$ 3,642,869        |
| 947,560             | 1,194,574           |
| 235,546             | 219,908             |
| 106,438             | 236,126             |
| -                   | 42,228              |
| -                   | 1,699               |
| 15,351              | 19,373              |
| 111,278             | 248,275             |
| <u>\$ 4,296,369</u> | <u>\$ 5,605,052</u> |

|                |                  |
|----------------|------------------|
| \$ 210,445     | \$ 249,253       |
| 443,443        | 488,147          |
| -              | 52,386           |
| 111,278        | 248,275          |
| <u>765,166</u> | <u>1,038,061</u> |

|                |                |
|----------------|----------------|
| <u>118,116</u> | <u>115,193</u> |
|----------------|----------------|

|                  |                  |
|------------------|------------------|
| 15,351           | 21,072           |
| 273,000          | 257,000          |
| 223,351          | 1,194,574        |
| 761,079          | 816,924          |
| 70,276           | 72,362           |
| <u>2,070,030</u> | <u>2,089,866</u> |

|                  |                  |
|------------------|------------------|
| <u>3,413,087</u> | <u>4,451,798</u> |
|------------------|------------------|

14,618,991      14,196,479

118,116      115,193

(6,841,582)      (7,561,672)

(23,584,556)      (18,437,671)

\$ (12,275,944)      \$ (7,235,873)

PLATTE CANYON SCHOOL DISTRICT 1

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2017

|   | GENERAL             | GRANT          | BOND<br>REDEMPTION | OTHER<br>GOVERNMENTAL<br>FUNDS |
|---|---------------------|----------------|--------------------|--------------------------------|
| REVENUES  |                     |                |                    |                                |
| Local Sources                                   | \$ 3,448,134        | \$ -           | \$ 776,754         | \$ 292,668                     |
| County Sources                                  | 56,514              | -              | -                  | -                              |
| State Sources                                   | 5,593,628           | -              | -                  | 3,734                          |
| Federal Sources                                 | -                   | 435,985        | -                  | 127,636                        |
| TOTAL REVENUES                                  | <u>9,098,276</u>    | <u>435,985</u> | <u>776,754</u>     | <u>424,038</u>                 |
| EXPENDITURES                                    |                     |                |                    |                                |
| Current   |                     |                |                    |                                |
| Instruction                                     | 4,849,529           | 435,985        | -                  | -                              |
| Supporting Services                             | 3,893,570           | -              | 999                | 461,845                        |
| Capital Outlay                                  | 1,220,037           | -              | -                  | -                              |
| Debt Service                                    |                     |                |                    |                                |
| Principal                                       | 44,451              | -              | 685,000            | -                              |
| Interest and Fiscal Charges                     | 35,748              | -              | 146,600            | -                              |
| TOTAL EXPENDITURES                              | <u>10,043,335</u>   | <u>435,985</u> | <u>832,599</u>     | <u>461,845</u>                 |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(945,059)</u>    | <u>-</u>       | <u>(55,845)</u>    | <u>(37,807)</u>                |
| OTHER FINANCING SOURCES (USES)                  |                     |                |                    |                                |
| Proceeds from Issuance of Debt                  | -                   | -              | -                  | -                              |
| Payments to Escrow Agent                        | -                   | -              | -                  | -                              |
| Proceeds from Capital Lease                     | -                   | -              | -                  | -                              |
| Transfers In                                    | -                   | -              | -                  | 30,000                         |
| Transfers Out                                   | (30,000)            | -              | -                  | -                              |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | <u>(30,000)</u>     | <u>-</u>       | <u>-</u>           | <u>30,000</u>                  |
| NET CHANGE IN FUND BALANCES                     | <u>(975,059)</u>    | <u>-</u>       | <u>(55,845)</u>    | <u>(7,807)</u>                 |
| FUND BALANCES, Beginning                        | <u>3,541,440</u>    | <u>-</u>       | <u>816,924</u>     | <u>93,434</u>                  |
| FUND BALANCES, Ending                           | <u>\$ 2,566,381</u> | <u>\$ -</u>    | <u>\$ 761,079</u>  | <u>\$ 85,627</u>               |

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

TOTALS

| 2017         | 2016         |
|--------------|--------------|
| \$ 4,517,556 | \$ 4,340,595 |
| 56,514       | 279,495      |
| 5,597,362    | 6,078,066    |
| 563,621      | 571,620      |
| 10,735,053   | 11,269,776   |
| 5,285,514    | 5,052,237    |
| 4,356,414    | 5,264,759    |
| 1,220,037    | 127,834      |
| 729,451      | 715,000      |
| 182,348      | 128,425      |
| 11,773,764   | 11,288,255   |
| (1,038,711)  | (18,479)     |
| -            | 6,338,935    |
| -            | (6,242,970)  |
| -            | 1,194,574    |
| 30,000       | 20,000       |
| (30,000)     | (20,000)     |
| -            | 1,290,539    |
| (1,038,711)  | 1,272,060    |
| 4,451,798    | 3,179,738    |
| \$ 3,413,087 | \$ 4,451,798 |

PLATTE CANYON SCHOOL DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

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

|  |                       |
|--|-----------------------|
| Net change in fund balances - total governmental funds   | \$ (1,038,711)        |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$1,102,773 depreciation expense (\$678,979) and loss on disposal of assets (\$1,282) in the current period. | 422,512               |
| Deferred property tax revenue - Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized on the government-wide financial statements.  | 2,923                 |
| Repayments of bond principal \$685,000, decrease in accrued interest \$1,142, amortization of bond premium \$38,215, amortization of deferred charges (\$1,723), lease principal payment \$44,451, and increase in compensated absences (\$46,995), are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position.  | 720,090               |
| Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.   | <u>(5,146,885)</u>    |
| Change in net position of governmental activities  | <u>\$ (5,040,071)</u> |

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2017

|                       | <u>2017</u>       | <u>2016</u>       |
|-----------------------|-------------------|-------------------|
| ASSETS                |                   |                   |
| Cash and Investments  | <u>\$ 116,560</u> | <u>\$ 124,292</u> |
| LIABILITIES           |                   |                   |
| Accounts Payable      | \$ 3,103          | \$ 1,243          |
| Due to Student Groups | <u>113,457</u>    | <u>116,754</u>    |
| TOTAL LIABILITIES     | <u>\$ 116,560</u> | <u>\$ 117,997</u> |

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

**Government-Wide and Fund Financial Statements**

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

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

**Assets, Liabilities and Fund Balance/Net Position**

*Investments* – Investments are stated at fair value.

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

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

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Long-term Debt* – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

**Net Position**

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The District reports inventory items as nonspendable resources as of June 30, 2017.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District reports a portion of the General Fund balance related to unspent capital lease proceeds as restricted to capital projects. The District has also classified the fund balance in the Bond Redemption Fund as being restricted as funds are restricted for the payment of the District's debt.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not report any committed fund balances for the year ended June 30, 2017.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District has classified the fund balance of the Swimming Pool Fund and a portion of the Food Service Fund Balance as assigned because their use has been designated for a specific purpose.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Tax Revenues**

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

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

**Comparative Data**

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

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

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

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

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

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

**Compliance**

At June 30, 2017, actual expenditures in the Grants Fund exceeded budgeted amounts by \$20,121. This may be a violation of state statute.

**NOTE 3: CASH AND INVESTMENTS**

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

|                            |                            |
|----------------------------|----------------------------|
| Petty Cash                 | \$ 200                     |
| Deposits                   | 428,496                    |
| Held by Third Party        | 223,351                    |
| Investments                | <u>3,292,269</u>           |
| Total Cash and Investments | <b><u>\$ 3,944,316</u></b> |

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS** (Continued)

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

|                         |                            |
|-------------------------|----------------------------|
| Governmental Activities | \$ 3,827,756               |
| Fiduciary Funds         | <u>116,560</u>             |
| Total                   | <b><u>\$ 3,944,316</u></b> |

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

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

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

At June 30, 2017, the District had deposits with financial institutions with a carrying amount of \$428,496. The bank balances with the financial institutions were \$465,239. Of these balances, \$281,511 was covered by federal depository insurance and \$183,728 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

Credit Risk

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

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

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

**Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

The District had invested \$3,292,269 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Restricted Cash and Investments**

The District has funds held at Huntington Public Capital Corp in the amount of \$223,351. The funds are invested in money market funds and are restricted for the District's solar energy lease.

Investments in the amount of \$724,209 are restricted in the Bond Redemption Funds to satisfy debt service requirements.

**NOTE 4: INTERFUND BALANCES AND TRANSFERS**

The District made the following transfers during the year.

| <u>Transfer to</u> | <u>Transfer From</u> | <u>Amount</u>    |
|--------------------|----------------------|------------------|
| Food Service Fund  | General Fund         | <u>\$ 30,000</u> |

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

Interfund activity as of and for the year ended June 30, 2017 consisted of the following:

| <u>Due From Other Funds</u> | <u>Due To Other Funds</u> | <u>Amount</u>            |
|-----------------------------|---------------------------|--------------------------|
| General Fund                | Grants Fund               | \$ 74,058                |
| General Fund                | Food Service Fund         | <u>37,220</u>            |
|                             | <b>Total</b>              | <b><u>\$ 111,278</u></b> |

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 5: CAPITAL ASSETS**

|   | <u>Balances</u><br><u>06/30/16</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balances</u><br><u>6/30/17</u> |
|---|------------------------------------|---------------------|---------------------|-----------------------------------|
| <b>Governmental Activities</b>                  |                                    |                     |                     |                                   |
| Capital Assets, not depreciated                 |                                    |                     |                     |                                   |
| Land  | \$ 1,360,530                       | \$ -                | \$ -                | \$ 1,360,530                      |
| Construction in Progress                        | <u>203,048</u>                     | <u>906,026</u>      | <u>1,109,074</u>    | <u>-</u>                          |
| Total Capital Assets, not depreciated           | <u>\$ 1,563,578</u>                | <u>906,026</u>      | <u>1,109,074</u>    | <u>1,360,530</u>                  |
| Capital Assets, depreciated                     |                                    |                     |                     |                                   |
| Buildings                                       | 22,710,164                         | 1,186,089           | -                   | 23,896,253                        |
| Site Improvements                               | 1,832,993                          | -                   | -                   | 1,832,993                         |
| Equipment                                       | <u>1,910,128</u>                   | <u>119,732</u>      | <u>192,350</u>      | <u>1,837,510</u>                  |
| Total Capital Assets, depreciated               | <u>26,453,285</u>                  | <u>1,305,821</u>    | <u>192,350</u>      | <u>26,566,756</u>                 |
| Less Accumulated Depreciation                   |                                    |                     |                     |                                   |
| Buildings                                       | 11,170,758                         | 531,871             | -                   | 11,702,629                        |
| Site Improvements                               | 1,132,551                          | 59,855              | -                   | 1,192,406                         |
| Equipment                                       | <u>1,517,075</u>                   | <u>87,253</u>       | <u>191,068</u>      | <u>1,413,260</u>                  |
| Total Accumulated Depreciation                  | <u>13,820,384</u>                  | <u>678,979</u>      | <u>191,068</u>      | <u>14,308,295</u>                 |
| Total Capital Assets, depreciated, Net          | <u>12,632,901</u>                  | <u>626,842</u>      | <u>1,282</u>        | <u>13,258,461</u>                 |
| Governmental Activities,<br>Capital Assets, Net | <u>\$ 14,196,479</u>               | <u>\$ 1,532,868</u> | <u>\$ 1,110,356</u> | <u>\$ 14,618,991</u>              |

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

**NOTE 6: ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2017, were \$411,597 and \$31,846 in the General and Grants Funds, respectively.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 7: LONG-TERM DEBT**

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2017:

|                      | Balance<br><u>6/30/16</u>  | <u>Additions</u>         | <u>Payments</u>          | Balance<br><u>6/30/17</u>  | Due In<br><u>One Year</u> |
|----------------------|----------------------------|--------------------------|--------------------------|----------------------------|---------------------------|
| General Obligation   |                            |                          |                          |                            |                           |
| 2015 Bonds           | \$ 5,905,000               | \$ -                     | \$ 685,000               | \$ 5,220,000               | \$ 705,000                |
| Bond Premium         | 305,720                    | -                        | 38,215                   | 267,505                    | -                         |
| Capital Lease        | 1,194,574                  | -                        | 44,451                   | 1,150,123                  | 52,083                    |
| Compensated Absences | <u>155,653</u>             | <u>135,205</u>           | <u>88,210</u>            | <u>202,648</u>             | <u>-</u>                  |
| <b>Total</b>         | <b><u>\$ 7,560,947</u></b> | <b><u>\$ 135,205</u></b> | <b><u>\$ 855,876</u></b> | <b><u>\$ 6,840,276</u></b> | <b><u>\$ 757,083</u></b>  |

**2015 General Obligation Refunding Bonds**

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

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

| Year Ended<br><u>June 30:</u> | <u>Principal</u>           | <u>Interest</u>          | <u>Total</u>               |
|-------------------------------|----------------------------|--------------------------|----------------------------|
| 2018                          | \$ 705,000                 | \$ 132,700               | \$ 837,700                 |
| 2019                          | 720,000                    | 118,450                  | 838,450                    |
| 2020                          | 730,000                    | 103,950                  | 833,950                    |
| 2021                          | 735,000                    | 89,300                   | 824,300                    |
| 2022                          | 750,000                    | 72,575                   | 822,575                    |
| 2023-2024                     | <u>1,580,000</u>           | <u>63,800</u>            | <u>1,643,800</u>           |
| <b>Total</b>                  | <b><u>\$ 5,220,000</u></b> | <b><u>\$ 580,775</u></b> | <b><u>\$ 5,800,775</u></b> |

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 7: LONG-TERM DEBT** (Continued)

**Capital Lease**

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

**Future Debt Service Requirements**

Following is a schedule of the future minimum lease payments required under the capital lease obligation at June 30, 2017:

Year Ended June 30,

|   |                            |
|---|----------------------------|
| 2018                                    | \$ 84,862                  |
| 2019                                    | 92,556                     |
| 2020                                    | 97,798                     |
| 2021                                    | 95,140                     |
| 2022                                    | 100,531                    |
| 2023-2027                               | 546,497                    |
| 2028-2031                               | <u>396,540</u>             |
| Total Minimum Lease Payments            | 1,413,924                  |
| Less: Interest                          | <u>(263,801)</u>           |
| Present Value of Minimum Lease Payments | <b><u>\$ 1,150,123</u></b> |

**Defeased Debt**

As of June 30, 2017, defeased bonds in the amount of \$5,460,000 were still outstanding.

**NOTE 8: JOINTLY GOVERNED ORGANIZATIONS**

BOCES

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

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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.

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

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

|   | For the Year<br>Ended<br>December 31,<br>2016 | For the Year<br>Ended<br>December 31,<br>2017 |
|---|---|---|
| Employer contribution rate <sup>1</sup>   | 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) <sup>1</sup> | (1.02)%                                       | (1.02)%                                       |
| Amount apportioned to the SCHDTF <sup>1</sup>   | 9.13%   | 9.13%   |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>                                    | 4.50%   | 4.50%   |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>                      | 4.50%   | 5.00%   |
| <b>Total employer contribution rate to the SCHDTF<sup>1</sup></b>   | <b>18.13%</b>                                 | <b>18.63%</b>                                 |

<sup>1</sup>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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,012,808 for the year ended June 30, 2017.

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

At June 30, 2017 the District reported a liability of \$36,220,517 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District proportion was 0.12165 percent, which is a decrease of 0.00626 percent from its proportion measured as of December 31, 2015.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For the year ended June 30, 2017 the District recognized pension expense of \$6,226,500. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Difference between expected and actual experience   | \$ 460,667                            | \$ 349                               |
| Changes of assumptions or other inputs  | \$11,752,802                          | \$ 171,743                           |
| Net difference between projected and actual earnings on pension plan investments                                | \$ 1,278,529                          | N/A                                  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | N/A                                   | \$ 1,202,284                         |
| Contributions subsequent to the measurement date  | \$ 518,339                            | N/A                                  |
| Total   | \$14,010,337                          | \$1,374,376                          |

\$518,339 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30,</b> |              |
|----------------------------|--------------|
| 2018                       | \$ 4,647,923 |
| 2019                       | \$ 4,940,643 |
| 2020                       | \$ 2,516,975 |
| 2021                       | \$ 12,081    |

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

*Actuarial assumptions.* The total pension liability in the December 31, 2015 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         |
| Discount rate   | 7.50 percent         |
| 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      |

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

|   |   |
|---|---|
| Actuarial cost method   | Entry age                               |
| Price inflation   | 2.40 percent                            |
| Real wage growth  | 1.10 percent                            |
| Wage inflation  | 3.50 percent                            |
| Salary increases, including wage inflation  | 3.50 – 9.70 percent                     |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25 percent                            |
| Discount rate   | 5.26 percent                            |
| 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 |

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

As of the November 18, 2016 adoption of the current 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:

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

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

*Discount rate.* The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

|  | 1% Decrease<br>(4.26%) | Current Discount<br>Rate (5.26%) | 1% Increase<br>(6.26%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | \$45,546,136           | \$36,220,517                     | \$28,625,138           |

*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](http://www.copera.org/investments/pera-financial-reports).

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 9: DEFINED BENEFIT PENSION PLAN** (Continued)

**Other Post-Employment Benefits**

Health Care Trust Fund

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

*Funding Policy* – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2016, and 2017, the District's employer contributions to the HCTF were \$56,446, \$54,690, and \$56,198 respectively, equal to their required contributions for each year.

**NOTE 10: RISK MANAGEMENT**

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

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1997, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1997-98 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund in the amount of \$273,000 has been recorded as an emergency reserve in accordance with the Amendment.

**NOTE 12: DEFICIT NET POSITION**

The Net Position of the government type activities is a deficit of \$12,275,944; due to the District including the Net Pension Liability per GASB No. 68.

**REQUIRED SUPPLEMENTARY INFORMATION**

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2017

|                                      | 2017               |                  |                  | VARIANCE               | 2016<br>ACTUAL   |
|--------------------------------------|--------------------|------------------|------------------|------------------------|------------------|
|                                      | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | Positive<br>(Negative) |                  |
| REVENUES                             |                    |                  |                  |                        |                  |
| Local Sources                        |                    |                  |                  |                        |                  |
| Property Taxes                       | \$ 2,525,400       | \$ 2,542,577     | \$ 2,531,449     | \$ (11,128)            | \$ 2,591,180     |
| Specific Ownership Taxes             | 378,000            | 380,000          | 437,623          | 57,623                 | 421,622          |
| Tuition                              | 190,000            | 190,000          | 231,365          | 41,365                 | 154,568          |
| Earnings on Investments              | 1,000              | 2,500            | 13,197           | 10,697                 | 6,884            |
| All Other Local Revenue Codes        | 52,300             | 61,800           | 234,500          | 172,700                | 102,190          |
| Total Local Sources                  | <u>3,146,700</u>   | <u>3,176,877</u> | <u>3,448,134</u> | <u>271,257</u>         | <u>3,276,444</u> |
| County Sources                       | <u>1,500</u>       | <u>1,500</u>     | <u>56,514</u>    | <u>55,014</u>          | <u>279,495</u>   |
| State and Federal Sources            |                    |                  |                  |                        |                  |
| State Equalization                   | 5,257,280          | 5,027,189        | 5,178,675        | 151,486                | 5,317,713        |
| Vocational Educations                | 36,900             | 36,900           | 19,215           | (17,685)               | 23,386           |
| Exceptional Children's Education Act | -                  | -                | 1,788            | 1,788                  | 1,380            |
| Transportation                       | 185,600            | 189,900          | 183,096          | (6,804)                | 193,185          |
| All Other State and Federal Revenue  | 275,020            | 304,570          | 210,854          | (93,716)               | 528,030          |
| Total State and Federal Sources      | <u>5,754,800</u>   | <u>5,558,559</u> | <u>5,593,628</u> | <u>35,069</u>          | <u>6,063,694</u> |
| TOTAL REVENUES                       | <u>8,903,000</u>   | <u>8,736,936</u> | <u>9,098,276</u> | <u>361,340</u>         | <u>9,619,633</u> |
| EXPENDITURES                         |                    |                  |                  |                        |                  |
| Instruction                          |                    |                  |                  |                        |                  |
| Salaries                             | 3,608,300          | 3,244,114        | 3,229,182        | 14,932                 | 3,277,316        |
| Employee Benefits                    | 1,079,500          | 1,118,670        | 953,206          | 165,464                | 1,001,300        |
| Purchased Services                   | 172,000            | 598,445          | 532,820          | 65,625                 | 286,279          |
| Supplies and Materials               | 142,000            | 136,030          | 90,809           | 45,221                 | 146,169          |
| Property                             | 52,700             | 62,275           | 59,271           | 3,004                  | 52,206           |
| Other Objects and Uses               | 13,200             | 46,140           | 43,512           | 2,628                  | 10,083           |
| Total Instruction                    | <u>5,067,700</u>   | <u>5,205,674</u> | <u>4,908,800</u> | <u>296,874</u>         | <u>4,773,353</u> |
| Supporting Services                  |                    |                  |                  |                        |                  |
| Students                             |                    |                  |                  |                        |                  |
| Salaries                             | 235,600            | 136,100          | 135,453          | 647                    | 151,743          |
| Employee Benefits                    | 68,200             | 40,100           | 34,167           | 5,933                  | 42,942           |
| Purchased Services                   | 56,800             | 195,300          | 165,879          | 29,421                 | 175,044          |
| Supplies and Materials               | 4,600              | 2,890            | 2,519            | 371                    | 1,352            |
| Property                             | 800                | -                | 50               | (50)                   | -                |
| Total Students                       | <u>366,000</u>     | <u>374,390</u>   | <u>338,068</u>   | <u>36,322</u>          | <u>371,081</u>   |

(Continued)

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2017

|                                 | 2017               |                 |                | VARIANCE               | 2016           |
|---------------------------------|--------------------|-----------------|----------------|------------------------|----------------|
|                                 | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL         | Positive<br>(Negative) | ACTUAL         |
| EXPENDITURES (Continued)        |                    |                 |                |                        |                |
| Supporting Services (Continued) |                    |                 |                |                        |                |
| Instructional Staff             |                    |                 |                |                        |                |
| Salaries                        | 248,900            | 241,900         | 211,672        | 30,228                 | 186,751        |
| Employee Benefits               | 67,000             | 73,100          | 69,685         | 3,415                  | 58,694         |
| Purchased Services              | 106,700            | 142,015         | 138,583        | 3,432                  | 150,721        |
| Supplies and Materials          | 43,500             | 41,945          | 46,866         | (4,921)                | 21,553         |
| Property                        | 100,400            | 30,125          | 33,441         | (3,316)                | 10,199         |
| Other Objects and Uses          | 1,000              | 500             | 95             | 405                    | 542            |
| Total Instructional Staff       | <u>567,500</u>     | <u>529,585</u>  | <u>500,342</u> | <u>29,243</u>          | <u>428,460</u> |
| General Administration          |                    |                 |                |                        |                |
| Salaries                        | 114,500            | 163,200         | 169,869        | (6,669)                | 158,896        |
| Employee Benefits               | 46,200             | 57,000          | 43,418         | 13,582                 | 41,790         |
| Purchased Services              | 23,800             | 48,100          | 44,060         | 4,040                  | 34,440         |
| Supplies and Materials          | 3,500              | 2,300           | 3,951          | (1,651)                | 7,554          |
| Property                        | 3,000              | 190             | -              | 190                    | 863            |
| Other Objects and Uses          | 14,000             | 15,900          | 17,200         | (1,300)                | 16,165         |
| Total General Administration    | <u>205,000</u>     | <u>286,690</u>  | <u>278,498</u> | <u>8,192</u>           | <u>259,708</u> |
| School Administration           |                    |                 |                |                        |                |
| Salaries                        | 536,100            | 529,760         | 526,708        | 3,052                  | 524,167        |
| Employee Benefits               | 152,300            | 171,421         | 160,754        | 10,667                 | 156,319        |
| Purchased Services              | 500                | 1,500           | 179            | 1,321                  | 1,537          |
| Supplies and Materials          | 7,400              | 5,900           | 5,192          | 708                    | 6,540          |
| Property                        | 4,400              | 1,450           | 828            | 622                    | 3,237          |
| Other Objects and Uses          | 2,900              | 2,430           | 2,114          | 316                    | 2,744          |
| Total School Administration     | <u>703,600</u>     | <u>712,461</u>  | <u>695,775</u> | <u>16,686</u>          | <u>694,544</u> |
| Business Services               |                    |                 |                |                        |                |
| Salaries                        | 135,600            | 145,300         | 187,504        | (42,204)               | 136,219        |
| Employee Benefits               | 36,700             | 41,980          | 52,961         | (10,981)               | 54,411         |
| Purchased Services              | 61,200             | 34,565          | 28,586         | 5,979                  | 36,170         |
| Supplies and Materials          | 31,100             | 37,800          | 34,126         | 3,674                  | 29,746         |
| Property                        | 2,000              | 1,000           | -              | 1,000                  | 1,242          |
| Other Objects and Uses          | 2,000              | 800             | 1,134          | (334)                  | 190            |
| Total Business Services         | <u>268,600</u>     | <u>261,445</u>  | <u>304,311</u> | <u>(42,866)</u>        | <u>257,978</u> |

(Continued)

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2017

|                                  | 2017               |                  |                  | VARIANCE               | 2016<br>ACTUAL   |
|----------------------------------|--------------------|------------------|------------------|------------------------|------------------|
|                                  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | Positive<br>(Negative) |                  |
| EXPENDITURES (Continued)         |                    |                  |                  |                        |                  |
| Supporting Services (Continued)  |                    |                  |                  |                        |                  |
| Operations and Maintenance       |                    |                  |                  |                        |                  |
| Salaries                         | 387,400            | 411,310          | 338,400          | 72,910                 | 320,651          |
| Employee Benefits                | 139,100            | 144,100          | 115,322          | 28,778                 | 125,769          |
| Purchased Services               | 111,300            | 88,270           | 87,546           | 724                    | 107,829          |
| Supplies and Materials           | 398,000            | 322,550          | 349,120          | (26,570)               | 379,360          |
| Property                         | 3,500              | 3,325            | 5,864            | (2,539)                | 695              |
| Other Objects and Uses           | -                  | -                | -                | -                      | -                |
| Total Operations and Maintenance | <u>1,039,300</u>   | <u>969,555</u>   | <u>896,252</u>   | <u>73,303</u>          | <u>934,304</u>   |
| Student Transportation           |                    |                  |                  |                        |                  |
| Salaries                         | 411,100            | 378,900          | 404,523          | (25,623)               | 433,793          |
| Employee Benefits                | 132,400            | 125,900          | 122,243          | 3,657                  | 135,569          |
| Purchased Services               | 5,600              | 11,860           | 18,704           | (6,844)                | 6,403            |
| Supplies and Materials           | 130,000            | 67,600           | 60,105           | 7,495                  | 53,825           |
| Property                         | 176,400            | 165,176          | 162,956          | 2,220                  | 50,509           |
| Total Student Transportation     | <u>855,500</u>     | <u>749,436</u>   | <u>768,531</u>   | <u>(19,095)</u>        | <u>680,099</u>   |
| Central Support                  |                    |                  |                  |                        |                  |
| Salaries                         | 41,900             | 72,500           | 71,395           | 1,105                  | 90,479           |
| Employee Benefits                | 13,400             | 25,300           | 22,925           | 2,375                  | 29,934           |
| Purchased Services               | 284,800            | 229,890          | 202,403          | 27,487                 | 925,046          |
| Supplies and Materials           | 22,500             | 22,965           | 18,100           | 4,865                  | 18,556           |
| Property                         | 2,800              | 1,585            | -                | 1,585                  | 8,883            |
| Other Objects and Uses           | -                  | -                | 109              | (109)                  | -                |
| Total Central Support            | <u>365,400</u>     | <u>352,240</u>   | <u>314,932</u>   | <u>37,308</u>          | <u>1,072,898</u> |
| Capital Outlay                   | -                  | 1,431,674        | 957,627          | 474,047                | -                |
| Debt Service                     |                    |                  |                  |                        |                  |
| Principal                        | -                  | 46,111           | 44,451           | 1,660                  | -                |
| Interest and Other               | -                  | 39,115           | 35,748           | 3,367                  | -                |
| Total                            | <u>-</u>           | <u>1,516,900</u> | <u>1,037,826</u> | <u>479,074</u>         | <u>-</u>         |
| Total Supporting Services        | <u>4,370,900</u>   | <u>5,752,702</u> | <u>5,134,535</u> | <u>618,167</u>         | <u>4,699,072</u> |

(Continued)

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

|   | 2017               |                 |              | VARIANCE<br>Positive<br>(Negative) | 2016<br>ACTUAL |
|---|--------------------|-----------------|--------------|------------------------------------|----------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       |                                    |                |
| EXPENDITURES (Continued)                        |                    |                 |              |                                    |                |
| Reserves  |                    |                 |              |                                    |                |
| Tabor Reserve                                   | 378,000            | 368,000         | -            | 368,000                            | -              |
| Operating Reserve                               | 922,000            | 932,000         | -            | 932,000                            | -              |
| Total Reserves                                  | 1,300,000          | 1,300,000       | -            | 1,300,000                          | -              |
| <br>  |                    |                 |              |                                    |                |
| TOTAL EXPENDITURES                              | 10,738,600         | 12,258,376      | 10,043,335   | 2,215,041                          | 9,472,425      |
| <br>  |                    |                 |              |                                    |                |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,835,600)        | (3,521,440)     | (945,059)    | 2,576,381                          | 147,208        |
| <br>  |                    |                 |              |                                    |                |
| OTHER FINANCING<br>SOURCES (USES)               |                    |                 |              |                                    |                |
| Proceeds from Capital Lease                     |                    | -               | -            | -                                  | 1,194,574      |
| Transfers Out                                   | (20,000)           | (20,000)        | (30,000)     | (10,000)                           | (20,000)       |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | (20,000)           | (20,000)        | (30,000)     | (10,000)                           | 1,174,574      |
| <br>  |                    |                 |              |                                    |                |
| NET CHANGE IN<br>FUND BALANCE                   | (1,855,600)        | (3,541,440)     | (975,059)    | 2,566,381                          | 1,321,782      |
| <br>  |                    |                 |              |                                    |                |
| FUND BALANCES, Beginning                        | 3,716,880          | 3,541,440       | 3,541,440    | -                                  | 2,219,658      |
| <br>  |                    |                 |              |                                    |                |
| FUND BALANCES, Ending                           | \$ 1,861,280       | \$ -            | \$ 2,566,381 | \$ 2,566,381                       | \$ 3,541,440   |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

GRANTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

|                            | 2017               |                 |            | VARIANCE               | 2016<br>ACTUAL |
|----------------------------|--------------------|-----------------|------------|------------------------|----------------|
|                            | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL     | Positive<br>(Negative) |                |
| REVENUES                   |                    |                 |            |                        |                |
| Federal Sources            | \$ 414,498         | \$ 415,864      | \$ 435,985 | \$ 20,121              | \$ 421,381     |
| TOTAL REVENUES             | 414,498            | 415,864         | 435,985    | 20,121                 | 421,381        |
| EXPENDITURES               |                    |                 |            |                        |                |
| Salaries                   | 291,842            | 288,254         | 297,058    | (8,804)                | 269,081        |
| Benefits                   | 92,693             | 97,180          | 99,657     | (2,477)                | 91,057         |
| Purchased Services         | 8,050              | 8,050           | 19,659     | (11,609)               | 44,332         |
| Supplies and Materials     | 3,500              | 3,500           | 4,596      | (1,096)                | 3,271          |
| Property                   | 1,500              | 1,865           | 15,015     | (13,150)               | 13,640         |
| Other                      | 16,014             | 17,015          | -          | 17,015                 | -              |
| TOTAL EXPENDITURES         | 413,599            | 415,864         | 435,985    | (20,121)               | 421,381        |
| NET CHANGE IN FUND BALANCE | 899                | -               | -          | -                      | -              |
| FUND BALANCE, Beginning    | -                  | -               | -          | -                      | -              |
| FUND BALANCE, Ending       | \$ 899             | \$ -            | \$ -       | \$ -                   | \$ -           |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO.1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended December 31,  
(School Division Trust Fund Measurement Date)

|  | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   |
|--|---------------|---------------|---------------|---------------|
| District's proportionate share of the Net Pension Liability  | 0.1421%       | 0.1328%       | 0.1279%       | 0.1217%       |
| District's proportionate share of the Net Pension Liability  | \$ 18,122,121 | \$ 17,992,775 | \$ 19,563,383 | \$ 36,220,517 |
| District's covered-employee payroll  | \$ 5,758,152  | \$ 5,560,924  | \$ 5,576,286  | \$ 5,459,961  |
| District's proportionate share of the Net Pension Liability as<br>a percentage of its covered-employee payroll | 314.7%        | 323.6%        | 350.8%        | 663.4%        |
| Plan fiduciary net position as a percentage of the total<br>pension liability                                  | 64.1%         | 62.8%         | 59.2%         | 43.1%         |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO.1

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

Years Ended June 30,

|   | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    | <u>2017</u>      |
|---|----------------|----------------|----------------|------------------|
| Statutorily required contributions                                  | \$ 901,625     | \$ 935,018     | \$ 981,520     | \$ 1,069,006     |
| Contributions in relation to the Statutorily required contributions | <u>901,625</u> | <u>935,018</u> | <u>981,520</u> | <u>1,069,006</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>      |
| School's covered-employee payroll                                   | \$ 5,642,211   | \$ 5,535,927   | \$ 5,535,927   | \$ 5,509,635     |
| Contributions as a percentage of covered-employee payroll           | 15.98%         | 16.89%         | 17.73%         | 19.40%           |

See the accompanying independent auditors' report.

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

PLATTE CANYON SCHOOL DISTRICT NO. 1

BOND REDEMPTION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

|   | 2017               |                 |            | VARIANCE               | 2016<br>ACTUAL |
|---|--------------------|-----------------|------------|------------------------|----------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL     | Positive<br>(Negative) |                |
| REVENUES  |                    |                 |            |                        |                |
| Local Sources                                   |                    |                 |            |                        |                |
| Property Taxes                                  | \$ 780,979         | \$ 783,388      | \$ 773,333 | \$ (10,055)            | \$ 789,620     |
| Delinquent Taxes                                | 3,000              | 500             | -          | (500)                  | 500            |
| Earnings on Investments                         | 2,000              | 1,200           | 3,421      | 2,221                  | 2,811          |
| TOTAL REVENUES                                  | 785,979            | 785,088         | 776,754    | (8,334)                | 792,931        |
| EXPENDITURES                                    |                    |                 |            |                        |                |
| Debt Service                                    |                    |                 |            |                        |                |
| Principal                                       | 685,000            | 837,700         | 685,000    | 152,700                | 715,000        |
| Interest and Fiscal Charges                     | 270,852            | 139,750         | 146,600    | (6,850)                | 128,425        |
| Other   | 1,000              | 1,000           | 999        | 1                      | 94,321         |
| Contingency                                     | 583,099            | 623,563         | -          | 623,563                | -              |
| TOTAL EXPENDITURES                              | 1,539,951          | 1,602,013       | 832,599    | 769,414                | 937,746        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (753,972)          | (816,925)       | (55,845)   | 761,080                | (144,815)      |
| OTHER FINANCING SOURCES (USES)                  |                    |                 |            |                        |                |
| Proceeds from Issuance of Debt                  | -                  | -               | -          | -                      | 6,338,935      |
| Payments to Escrow Agent                        | -                  | -               | -          | -                      | (6,242,970)    |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | -                  | -               | -          | -                      | 95,965         |
| NET CHANGE IN FUND BALANCE                      | (753,972)          | (816,925)       | (55,845)   | 761,080                | (48,850)       |
| FUND BALANCE, Beginning                         | 753,972            | 816,925         | 816,924    | (1)                    | 865,774        |
| FUND BALANCE, Ending                            | \$ -               | \$ -            | \$ 761,079 | \$ 761,079             | \$ 816,924     |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

June 30, 2017

|   | FOOD             | SWIMMING         | TOTALS            |                   |
|---|------------------|------------------|-------------------|-------------------|
|   | SERVICE<br>FUND  | POOL<br>FUND     | 2017              | 2016              |
| <b>ASSETS</b>                             |                  |                  |                   |                   |
| Cash and Investments                      | \$ 40,580        | \$ 78,136        | \$ 118,716        | \$ 134,066        |
| Accounts Receivable                       | -                | -                | -                 | 28,116            |
| Prepaid Expenses                          | -                | -                | -                 | 1,699             |
| Inventories                               | 15,351           | -                | 15,351            | 19,373            |
| <b>TOTAL ASSETS</b>                       | <b>\$ 55,931</b> | <b>\$ 78,136</b> | <b>\$ 134,067</b> | <b>\$ 183,254</b> |
| <b>LIABILITIES</b>                        |                  |                  |                   |                   |
| Accounts Payable                          | 11,220           | -                | 11,220            | 41                |
| Due To Other Fund                         | 37,220           | -                | 37,220            | 77,795            |
| Accrued Salaries and Benefits             | -                | -                | -                 | 11,984            |
| <b>TOTAL LIABILITIES</b>                  | <b>48,440</b>    | <b>-</b>         | <b>48,440</b>     | <b>89,820</b>     |
| <b>FUND BALANCE</b>                       |                  |                  |                   |                   |
| Nonspendable                              | 15,351           | -                | 15,351            | 21,072            |
| Assigned                                  | (7,860)          | 78,136           | 70,276            | 72,362            |
| <b>TOTAL FUND BALANCE</b>                 | <b>7,491</b>     | <b>78,136</b>    | <b>85,627</b>     | <b>93,434</b>     |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 55,931</b> | <b>\$ 78,136</b> | <b>\$ 134,067</b> | <b>\$ 183,254</b> |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

NONMAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2017

|   | FOOD            | SWIMMING         | TOTALS           |                  |
|---|-----------------|------------------|------------------|------------------|
|   | SERVICE<br>FUND | POOL<br>FUND     | 2017             | 2016             |
| REVENUES  |                 |                  |                  |                  |
| Local Sources                                   | \$ 131,629      | \$ 161,039       | \$ 292,668       | \$ 271,220       |
| State Sources                                   | 3,734           | -                | 3,734            | 14,372           |
| Federal Sources                                 | 127,636         | -                | 127,636          | 150,239          |
| TOTAL REVENUES                                  | <u>262,999</u>  | <u>161,039</u>   | <u>424,038</u>   | <u>435,831</u>   |
| EXPENDITURES                                    |                 |                  |                  |                  |
| Current   |                 |                  |                  |                  |
| Supporting Services                             | <u>291,859</u>  | <u>169,986</u>   | <u>461,845</u>   | <u>456,703</u>   |
| TOTAL EXPENDITURES                              | <u>291,859</u>  | <u>169,986</u>   | <u>461,845</u>   | <u>456,703</u>   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(28,860)</u> | <u>(8,947)</u>   | <u>(37,807)</u>  | <u>(20,872)</u>  |
| OTHER FINANCING SOURCES                         |                 |                  |                  |                  |
| Transfers Out                                   | <u>30,000</u>   | <u>-</u>         | <u>30,000</u>    | <u>20,000</u>    |
| TOTAL OTHER FINANCING<br>SOURCES                | <u>30,000</u>   | <u>-</u>         | <u>30,000</u>    | <u>20,000</u>    |
| NET CHANGE IN<br>FUND BALANCES                  | 1,140           | (8,947)          | (7,807)          | (872)            |
| FUND BALANCES, Beginning, As Restated           | <u>6,351</u>    | <u>87,083</u>    | <u>93,434</u>    | <u>94,306</u>    |
| FUND BALANCES, Ending                           | <u>\$ 7,491</u> | <u>\$ 78,136</u> | <u>\$ 85,627</u> | <u>\$ 93,434</u> |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

FOOD SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

|   | 2017               |                 |                 | VARIANCE               | 2016<br>ACTUAL  |
|---|--------------------|-----------------|-----------------|------------------------|-----------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL          | Positive<br>(Negative) |                 |
| <b>REVENUES</b>   |                    |                 |                 |                        |                 |
| Charges for Services                                    |                    |                 |                 |                        |                 |
| Lunches   | \$ 100,000         | \$ 126,000      | \$ 131,024      | \$ 5,024               | \$ 106,045      |
| Other   | 3,000              | 3,000           | 588             | (2,412)                | 708             |
| Earnings on Investments                                 | 100                | 100             | 17              | (83)                   | 64              |
| Federal Aid   |                    |                 |                 |                        |                 |
| School Breakfast and Lunch                              | 123,000            | 121,000         | 106,341         | (14,659)               | 133,879         |
| Commodities   | -                  | 20,000          | 21,295          | 1,295                  | 16,360          |
| State Match   | 5,900              | 5,900           | 3,734           | (2,166)                | 3,087           |
| <b>TOTAL REVENUES</b>                                   | <b>232,000</b>     | <b>276,000</b>  | <b>262,999</b>  | <b>(13,001)</b>        | <b>260,143</b>  |
| <b>EXPENDITURES</b>                                     |                    |                 |                 |                        |                 |
| Salaries  | 105,800            | 105,800         | 113,436         | (7,636)                | 104,342         |
| Benefits  | 33,000             | 33,000          | 33,002          | (2)                    | 33,555          |
| Purchased Services                                      | 500                | 500             | 3,706           | (3,206)                | 1,946           |
| Commodities   | 1,800              | 21,000          | 22,044          | (1,044)                | 16,360          |
| Food  | 125,000            | 125,000         | 106,971         | 18,029                 | 118,737         |
| Other Supplies  | 9,800              | 9,600           | 8,899           | 701                    | 14,467          |
| Property  | 2,000              | 2,000           | -               | 2,000                  | 1,891           |
| Other   | 2,500              | 2,500           | 3,801           | (1,301)                | 2,218           |
| <b>TOTAL EXPENDITURES</b>                               | <b>280,400</b>     | <b>299,400</b>  | <b>291,859</b>  | <b>7,541</b>           | <b>293,516</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(48,400)</b>    | <b>(23,400)</b> | <b>(28,860)</b> | <b>(5,460)</b>         | <b>(33,373)</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                    |                 |                 |                        |                 |
| Transfers In  | 20,000             | 20,000          | 30,000          | 10,000                 | 20,000          |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>(28,400)</b>    | <b>(3,400)</b>  | <b>1,140</b>    | <b>4,540</b>           | <b>(13,373)</b> |
| FUND BALANCES, Beginning,                               | 38,531             | 19,724          | 6,351           | (13,373)               | 19,724          |
| FUND BALANCES, Ending                                   | \$ 10,131          | \$ 16,324       | \$ 7,491        | \$ (8,833)             | \$ 6,351        |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

SWIMMING POOL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2017

|                           | 2017               |                  |                  | VARIANCE               | 2016<br>ACTUAL   |
|---------------------------|--------------------|------------------|------------------|------------------------|------------------|
|                           | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | Positive<br>(Negative) |                  |
| REVENUES                  |                    |                  |                  |                        |                  |
| Property Taxes            | \$ 98,000          | \$ 98,000        | \$ 98,000        | \$ -                   | \$ 101,457       |
| Charges for Services      | 45,000             | 45,000           | 63,039           | 18,039                 | 62,946           |
| Grants and Donations      | -                  | -                | -                | -                      | 11,285           |
| TOTAL REVENUES            | <u>143,000</u>     | <u>143,000</u>   | <u>161,039</u>   | <u>18,039</u>          | <u>175,688</u>   |
| EXPENDITURES              |                    |                  |                  |                        |                  |
| Salaries                  | 90,900             | 90,900           | 110,545          | (19,645)               | 97,105           |
| Benefits                  | 25,000             | 25,000           | 26,860           | (1,860)                | 25,675           |
| Purchased Services        | 3,500              | 3,500            | 1,972            | 1,528                  | 1,579            |
| Supplies and Materials    | 42,000             | 42,000           | 27,942           | 14,058                 | 26,293           |
| Property                  | 7,000              | 7,000            | 759              | 6,241                  | 11,289           |
| Other                     | 24,303             | 24,303           | 1,908            | 22,395                 | 1,246            |
| TOTAL EXPENDITURES        | <u>192,703</u>     | <u>192,703</u>   | <u>169,986</u>   | <u>22,717</u>          | <u>163,187</u>   |
| CHANGE IN FUND BALANCE    | (49,703)           | (49,703)         | (8,947)          | 40,756                 | 12,501           |
| FUND BALANCES, Beginning, | <u>49,703</u>      | <u>87,082</u>    | <u>87,083</u>    | <u>1</u>               | <u>74,582</u>    |
| FUND BALANCES, Ending     | <u>\$ -</u>        | <u>\$ 37,379</u> | <u>\$ 78,136</u> | <u>\$ 40,757</u>       | <u>\$ 87,083</u> |

See the accompanying independent auditors' report.

PLATTE CANYON SCHOOL DISTRICT NO. 1

AGENCY FUND - PUPIL ACTIVITY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended June 30, 2017

|                       | BALANCE<br>JULY 1,<br>2016 | ADDITIONS         | DEDUCTIONS        | BALANCE<br>JUNE 30,<br>2017 |
|-----------------------|----------------------------|-------------------|-------------------|-----------------------------|
|                       | <u>          </u>          | <u>          </u> | <u>          </u> | <u>          </u>           |
| ASSETS                |                            |                   |                   |                             |
| Cash                  | \$ 124,292                 | \$ 166,891        | \$ 174,623        | \$ 116,560                  |
|                       | <u>          </u>          | <u>          </u> | <u>          </u> | <u>          </u>           |
| LIABILITIES           |                            |                   |                   |                             |
| Accounts Payable      | \$ 7,538                   | \$ 3,103          | \$ 7,538          | \$ 3,103                    |
| Due to Student Groups | 116,754                    | 163,788           | 167,085           | 113,457                     |
|                       | <u>          </u>          | <u>          </u> | <u>          </u> | <u>          </u>           |
| TOTAL LIABILITIES     | \$ 124,292                 | \$ 166,891        | \$ 174,623        | \$ 116,560                  |
|                       | <u>          </u>          | <u>          </u> | <u>          </u> | <u>          </u>           |

See the accompanying independent auditors' report.

## **COMPLIANCE**



## JOHN CUTLER & ASSOCIATES

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

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Platte Canyon School District No. 1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

## Other Matters

### *Other Information*

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

*John Luthr & Associates, LLC*

December 15, 2017



Colorado Department of Education

Auditors Integrity Report

District: 2600 - PLATTE CANYON 1

Fiscal Year 2016-17

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   | 3,541,440                                | 9,068,276                                  | 10,043,335                                | 2,566,381   |
| 18 Risk Mgmt Sub-Fund of General Fund                   | 0  | 0  | 0   | 0   |
| 19 Colorado Preschool Program Fund                      | 0  | 0  | 0   | 0   |
| <b>Sub- Total</b>                                       | <b>3,541,440</b>                         | <b>9,068,276</b>                           | <b>10,043,335</b>                         | <b>2,566,381</b>                                      |
| 11 Charter School Fund                                  | 0  | 0  | 0   | 0   |
| 20,26-29 Special Revenue Fund                           | 0  | 0  | 0   | 0   |
| 06 Supplemental Cap Const, Tech, Main. Fund             | 0  | 0  | 0   | 0   |
| 21 Food Service Spec Revenue Fund                       | 6,351                                    | 293,000                                    | 291,859                                   | 7,492   |
| 22 Govt Designated-Purpose Grants Fund                  | 0  | 435,985                                    | 435,985                                   | 0   |
| 23 Pupil Activity Special Revenue Fund                  | 87,082                                   | 161,038                                    | 169,984                                   | 78,136  |
| 24 Full Day Kindergarten Mill Levy Override             | 0  | 0  | 0   | 0   |
| 25 Transportation Fund                                  | 0  | 0  | 0   | 0   |
| 31 Bond Redemption Fund                                 | 816,924                                  | 776,755                                    | 832,599                                   | 761,079   |
| 39 Certificate of Participation (COP) Debt Service Fund | 0  | 0  | 0   | 0   |
| 41 Building Fund  | 0  | 0  | 0   | 0   |
| 42 Special Building Fund                                | 0  | 0  | 0   | 0   |
| 43 Capital Reserve Capital Projects Fund                | 0  | 0  | 0   | 0   |
| 46 Supplemental Cap Const, Tech, Main Fund              | 0  | 0  | 0   | 0   |
| <b>Totals</b>   | <b>4,451,797</b>                         | <b>10,735,054</b>                          | <b>11,773,763</b>                         | <b>3,413,088</b>                                      |
| <b>Proprietary</b>                                      |  |  |   |   |
| 50 Other Enterprise Funds                               | 0  | 0  | 0   | 0   |
| 64 (63) Risk-Related Activity Fund                      | 0  | 0  | 0   | 0   |
| 60,65-69 Other Internal Service Funds                   | 0  | 0  | 0   | 0   |
| <b>Totals</b>   | <b>0</b>                                 | <b>0</b>                                   | <b>0</b>                                  | <b>0</b>  |
| <b>Fiduciary</b>  |  |  |   |   |
| 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                           | 116,754                                  | 166,891                                    | 170,188                                   | 113,457   |
| 79 GASB 34:Permanent Fund                               | 0  | 0  | 0   | 0   |
| 85 Foundations  | 0  | 0  | 0   | 0   |
| <b>Totals</b>   | <b>116,754</b>                           | <b>166,891</b>                             | <b>170,188</b>                            | <b>113,457</b>  |

FINAL