

PUEBLO SCHOOL DISTRICT NO. 60

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2018

PUEBLO SCHOOL DISTRICT NO. 60
TABLE OF CONTENTS
JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	<i>i</i>
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet—Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	6
Statement of Net Position – Proprietary Fund	7
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Statement of Net Position—Fiduciary Fund	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of District's Share of the Net Pension Liability	52
Schedule of District's Payroll Contributions - Pension	53
Schedule of District's Share of the Net OPEB Liability	54
Schedule of District's Payroll Contributions - OPEB	55
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Designated-Purpose Grants Fund	58
SUPPLEMENTAL INFORMATION	
<i>General Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual	59
<i>Bond Redemption Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual	64

PUEBLO SCHOOL DISTRICT NO. 60
TABLE OF CONTENTS
JUNE 30, 2018

SUPPLEMENTAL INFORMATION (CONTINUED)	PAGE
<i>Capital Projects Fund:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual	65
<i>Non-major Governmental Funds</i>	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	
School District No. 60 Education Foundation, Inc.	68
Food Service Fund	69
<i>Internal Service Fund</i>	
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual	
Risk Management Fund	70
<i>Fiduciary Fund</i>	
<i>Agency Funds</i>	
Statement of Changes in Fiduciary Assets and Liabilities	71
<i>Component Units</i>	
Combining Statement of Net Position	72
Combining Statement of Activities	73
EXPENDITURES OF FEDERAL AWARDS	
Schedule of Expenditures of Federal Awards	74
Notes to the Schedule of Expenditures of Federal Awards	75
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	76
Report on Compliance For Each Major Program and on Internal Control over Compliance Required by <i>Uniform Guidance</i>	78
Schedule of Findings and Questioned Costs	80
Summary Schedule of Prior Audit Findings	82
COLORADO SCHOOL DISTRICT/BOCES AUDITORS' DATA INTEGRITY REPORT	
Independent Auditors' Report on Colorado School District/BOCES Auditors' Integrity Report	83
Colorado School District/BOCES Auditor's Integrity Report	84



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pueblo School District No. 60

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Chavez/Huerta K-12 Preparatory Academy, which represent 89.0 percent, 67.4 percent, and 61.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chavez/Huerta K-12 Preparatory Academy, is based on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pueblo School District No. 60, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2017, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Pueblo School District No. 60's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pueblo School District No. 60's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 20, 2018

PUEBLO CITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the fiscal year ended June 30, 2018

Management of Pueblo City Schools (the "District") offers readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, notes to the financial statements, and various supplementary information, which, follow this section.

FINANCIAL HIGHLIGHTS

The District was required to implement GASB No. 68 in 2015. As of June 30, 2018 the net pension liability increased from \$571,849,773 in 2017, to \$604,438,014 a net of \$32,588,241. Under GASB No. 68 the proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association, is recorded as a liability of the District.

The District's total combined net position decreased by \$(117,004,639) to \$(354,132,911) at June 30, 2018, which compares to \$(237,128,272), restated as of June 30, 2017. The District implementing GASB Statement No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) at the beginning of the year. See Note 1 in the Notes to the financial statements. The largest portion of the District's net position is its investment in capital assets of \$86,516,980 net of accumulated depreciation and related debt compared to \$76,323,408 the previous year, an increase of \$10,193,572.

During the year, the District had \$265,835,376 in expenses related to governmental activities, of which \$35,038,026 of these expenses offset by program specific charges or grants and contributions.

The District decreased its outstanding long-term debt by \$13,822,669 excluding the net pension liability and post-employment benefits obligations. The outstanding long-term debt includes \$44,527,069 in general obligation bonds and capital lease agreements. Additional long-term liabilities include accrued compensated absences of \$3,211,338 accrued self-insured claims of \$1,062,497, the net pension liability of \$604,438,014 and the net OPEB obligations of \$23,539,880.

Of the total \$38,721,232 ending fund balance in the governmental funds, \$4,045,000 is restricted for TABOR as required under Article X, Section 20 of the Colorado Constitution; \$9,367,524 is restricted for debt service; and \$1,319,516 is restricted for preschool activities. The assigned portion of fund balance is \$21,642,486, includes funds related to Athletics, Risk Management, Capital Projects, Education Foundation activities and Board of Education required contingencies. Included in the assigned portion of fund balance is \$5,685,805 related to food service operations; school and Board of Education carryover \$767,638. The nonspendable fund balance of \$106,970 related to inventory and prepaid expenditures. The unassigned portion is \$2,239,736.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 12- 51.

Required Supplementary Information

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

Other information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator over time as a useful indicator of the District's financial position. For the District's primary government, excluding its component units (charter schools), liabilities plus deferred inflows of resources exceeds its assets plus deferred outflows of resources by \$354,132,911 resulting in a deficit net position at June 30, 2018.

PUEBLO CITY SCHOOLS			
CONDENSED STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES			
	6/30/2018	6/30/2017	CHANGE
CURRENT & OTHER ASSETS	63,669,999	64,245,482	(575,483)
CAPITAL ASSETS - NET OF DEPRECIATION	<u>131,044,048</u>	<u>134,855,128</u>	<u>(3,811,080)</u>
TOTAL ASSETS	<u>194,714,047</u>	<u>199,100,610</u>	<u>(4,386,563)</u>
DEFERRED OUTFLOWS			
DEFERRED ON REFUNDING	1,609,265	1,959,681	(350,416)
NET EFFECT OF ADDITIONAL PENSION RELATED			-
RELATED TO PENSION AND OPEB	<u>181,144,581</u>	<u>231,443,118</u>	<u>(50,298,537)</u>
TOTAL DEFERRED OUTFLOWS	<u>182,753,846</u>	<u>233,402,799</u>	<u>(50,648,953)</u>
LIABILITIES			
LONG-TERM LIABILITIES	<u>676,778,798</u>	<u>641,151,103</u>	<u>35,627,695</u>
TOTAL LIABILITIES	<u>697,579,186</u>	<u>661,363,718</u>	<u>36,215,468</u>
DEFERRED INFLOWS PENSION AND OPEB	<u>34,021,618</u>	<u>8,267,963</u>	<u>25,753,655</u>
TOTAL DEFERRED INFLOWS	<u>34,021,618</u>	<u>8,267,963</u>	<u>25,753,655</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	86,516,980	76,323,408	10,193,572
RESTRICTED	14,732,040	19,981,215	(5,249,175)
UNRESTRICTED	<u>(455,381,931)</u>	<u>(333,432,895)</u>	<u>(121,949,036)</u>
NET POSITION	<u>(354,132,911)</u>	<u>(237,128,272)</u>	<u>(117,004,639)</u>

Cash and investments make up 32.70% of total assets compared to 32.30% the prior year. 14.53% of cash and investments are restricted in the District for maintenance of capital assets and reserved to repay debt. Capital assets, which reflect the District's investment in real, personal property, and equipment, currently make up 67.3% of total assets compared to 67.7% the previous year, a decrease net of depreciation of \$3,811,080.

Deferred outflows of resources exceeded deferred inflows of resources by \$148,732,228 with 99% attributed to the net pension liability.

A key component of the District's net governmental position is the large net pension liability of \$604,438,014. Prior to the implementation of Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record their share of the net pension liability. Notes 1 and 11 to the basic financial statements outline the implementation of GASB No. 68.

A portion of the District's net position reflects its \$86,516,980 investment in capital assets net of accumulated depreciation and related debt. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restriction on how they may be used. At June 30, 2018, net position totaling \$14,732,040 was restricted with \$9,367,524 restricted for debt service; \$1,319,516 restricted for preschool activities and \$4,045,000 restricted for the TABOR emergency contingency.

At June 30, 2018, the District reported negative net position for the District as a whole. Had the District not implemented GASB 68, recording the net unfunded pension liabilities, the assets would have exceeded liabilities and net position balance would have been positive.

**CONDENSED STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES**

	2018	2017	NET CHANGE
REVENUES			
CHARGES FOR SERVICES	\$ 1,645,487	\$ 1,458,412	\$ 187,075
OPERATING, CAPITAL GAINS AND CONTRIBUTIONS	\$ 33,392,539	\$ 33,890,839	\$ (498,300)
PROPERTY TAXES	\$ 35,413,840	\$ 35,083,818	\$ 330,022
SPECIFIC OWNERSHIP TAXES	\$ 3,594,915	\$ 3,150,016	\$ 444,899
STATE EQUALIZATION	\$ 90,577,602	\$ 87,813,762	\$ 2,763,840
OTHER	<u>\$ 1,681,962</u>	<u>\$ 1,590,963</u>	<u>\$ 90,999</u>
TOTAL REVENUES	<u>\$ 166,306,345</u>	<u>\$ 162,987,810</u>	<u>\$ 3,318,535</u>
EXPENDITURES			
INSTRUCTION	\$ 158,357,268	\$ 151,503,675	\$ 6,853,593
SUPPORTING SERVICES	\$ 96,161,869	\$ 87,175,864	\$ 8,986,005
COMMUNITY SERVICES	\$ 183,182	\$ 157,487	\$ 25,695
CAPITAL PROJECTS	\$ 8,152	\$ 699,216	\$ (691,064)
NUTRITION SERVICE	\$ 9,326,102	\$ 8,979,562	\$ 346,540
INTEREST & OTHER CHARGES	<u>\$ 1,798,803</u>	<u>\$ 2,091,870</u>	<u>\$ (293,067)</u>
TOTAL EXPENDITURES	<u>\$ 265,835,376</u>	<u>\$ 250,607,674</u>	<u>\$ 15,227,702</u>
CHANGE IN NET POSITION	<u>(99,529,031)</u>	<u>\$ (87,619,864)</u>	<u>\$ (11,909,167)</u>
NET POSITION - BEGINNING RESTATED	\$ (254,603,880)	\$ (149,508,408)	\$ (105,095,472)
NET POSITION - ENDING	<u>\$ (354,132,911)</u>	<u>\$ (237,128,272)</u>	<u>\$ (117,004,639)</u>

Overall revenues for the District increased in fiscal 2018 by \$3,318,535. This increase was due in part by Per Pupil Revenue (PPR) increasing by \$332.32 per pupil from the School Finance Act. District and state taxpayers funded most District governmental activities. For fiscal year 2018, this portion of governmental activities funding included \$35,413,840 in property taxes, \$3,594,915 in specific ownership tax, and \$90,577,602 of unrestricted state equalization based on the statewide total program education funding formula, \$708,531 in investment income and miscellaneous revenues of \$973,431. Some users of the District's governmental programs paid \$1,645,487 for services provided. The federal and state governments subsidized specific programs with capital/operating grants and contributions totaling \$33,392,539.

ANALYSIS OF THE FUND FINANCIAL STATEMENT

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

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

General Fund

The General Fund is the major operating fund of the District, providing most of the resources for the educational and support programs. Revenues and other financing resources for the General Fund totaled \$130,825,651 in fiscal year 2017-18, an increase of \$4,272,123 from fiscal year 2016-17. The following table reflects the amount of revenue from various sources.

PUEBLO CITY SCHOOL DISTRICT No. 60 GENERAL FUND SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES				
	2018	2017	INCREASE/ (DECREASE)	PERCENT CHANGE
SCHOOL FINANCE FUNDING				
PROPERTY & OTHER TAXES	\$ 27,534,802	\$ 26,883,885	\$ 650,917	2.42%
SPECIFIC OWNERSHIP TAXES	\$ 2,771,916	\$ 2,418,620	\$ 353,296	14.61%
STATE EQUALIZATION	<u>\$ 90,577,602</u>	<u>\$ 87,825,712</u>	<u>\$ 2,751,890</u>	3.13%
SCHOOL FINANCE TOTAL	<u>\$ 120,884,320</u>	<u>\$ 117,128,217</u>	<u>\$ 3,756,103</u>	3.21%
OTHER LOCAL SOURCES	\$ 3,390,241	\$ 3,306,571	\$ 83,670	2.53%
OTHER STATE SOURCES	\$ 6,284,949	\$ 5,826,602	\$ 458,347	7.87%
FEDERAL OTHER	<u>\$ 266,141</u>	<u>\$ 292,138</u>	<u>\$ (25,997)</u>	-8.90%
TOTAL SCHOOL FINANCE FUNDING AND OTHER REVENUES	<u>\$ 130,825,651</u>	<u>\$ 126,553,528</u>	<u>\$ 4,272,123</u>	3.38%

Property Taxes: Net property tax collections increased by \$650,917. An increase is indicative of an increase in the assessed values of property located in the District's boundaries and/or an increase in the number of residential or business properties.

Specific Ownership Tax: A specific ownership tax is applied to the fair market value of vehicles or other taxable personal property (i.e., boats) registered in Colorado. The tax is collected when owners renew their registrations each year. Revenue from specific ownership tax collected increased by \$353,296.

State Equalization: State equalization revenue is the state’s share of “total program funding” provided under the Public School Finance Act for pre-kindergarten through 12th grade education. Public School Finance Act revenue made up 92.401% of general fund revenues in 2017-18 compared to 92.552% in 2016-17. For 2017-18 state equalization revenue provided 74.93% of “total program revenue” while local taxpayer revenue provided 25.07%.

Other Local Sources: Other local sources of revenue include interest income, tuition paid by other school districts for detention center services, services purchased by the district’s charter schools, indirect cost recovery from federal grants and a variety of other miscellaneous revenue sources. The \$132,894 increase in local revenue is directly related to the increase in investment income of \$186,988.

Other State Sources: This revenue increased by \$458,348 in 2018 from \$5,826,602 the previous year. Included in this total is categorical revenue from the state (i.e. Additional at Risk and ECEA funding) increased from the previous year primarily due to an increase in Vocation Education funding of \$181,049 and \$133,790 in Transportation Reimbursement.

Federal Sources: The primary sources of federal revenue in the general fund are Reserve Officer Training Corp (ROTC) reimbursements and Impact Aid revenue. The decrease in federal revenue of \$25,997 is due to a decrease in ROTC reimbursements.

PUEBLO CITY SCHOOL DISTRICT No. 60

GENERAL FUND

SCHEDULE OF EXPENDITURES

	2018	2017	INCREASE/ (DECREASE)	PERCENT CHANGE
INSTRUCTION	74,146,252	75,409,434	(1,263,182)	-1.68%
STUDENT SUPPORT	7,200,419	6,305,257	895,162	14.20%
INSTRUCTIONAL STAFF SUPPORT	5,158,074	5,150,767	7,307	0.14%
GENERAL ADMINISTRATION	1,523,807	1,285,032	238,775	18.58%
SCHOOL ADMINISTRATION	9,004,386	8,699,150	305,237	3.51%
BUSINESS SERVICES	1,638,373	1,630,127	8,246	0.51%
OPERATIONS & MAINT	15,979,813	15,128,091	851,722	5.63%
STUDENT TRANSPORTATION	2,711,794	2,568,657	143,137	5.57%
CENTRAL SUPPORT SERVICES	6,823,407	6,169,331	654,076	10.60%
COMMUNITY SERVICES	584	54,936	(54,352)	-98.94%
DEBT SERVICE	513,577	490,841	22,736	4.63%
FACILITY ACQUISITION & CONSTRUCTION	-	699,216	(699,216)	-100.00%
GRAND TOTAL EXPENDITURES	<u>124,700,486</u>	<u>123,590,839</u>	<u>1,109,647</u>	0.90%

Instruction: Instruction costs for fiscal year 2017-18 decreased by \$1,263,182 or -1.68% when compared to the prior year. The decreases in costs were primarily as a response to the districts continued decrease in pupil count.

Student Support Services: Student support services (guidance, counselors, health/nurses, psychologists, social workers, audiologists, student intervention, physical and occupational therapists) expenditures increased 14.2% up \$895,162 from the previous year. The increases were in salaries, benefits and purchased services.

Instructional Staff Support: Instructional staff support service expenditures virtually unchanged with a .14% increase, up \$7,307 from the prior year.

Building Administration: General administration expenditures increased \$238,775, related to salary and benefits as well as purchased services.

School Administration: School administration costs increased \$305,237 or 3.51%.

Business Services: Business services expenditures increased .51%, up \$8,246 from the prior year.

Maintenance and Operations: Facilities operations and maintenance increased \$851,721. Due in part to increases in Salary and Benefits increases of \$564,389 and \$263,517 respectively based upon negotiated contracts.

Transportation Services: Transportation costs increased \$143,137 or 5.57% over the prior year.

Central Services: Central services are comprised of Human Resources, Technology and Workman's Compensation costs. Spending in this category increased \$654,076.

OTHER MAJOR FUNDS

Bond Redemption Fund: Property tax collections in the Bond Fund totaled \$8,038,072 in 2017-18 compared to \$8,109,967 for 2016-17. Expenditures totaled \$7,925,531 in 2017-18 compared to \$7,934,687 in the prior year. The fund balance at June 30, 2018 is \$9,367,524 compared to \$9,164,186 in 2016-17. The fund balance is reserved for future debt payments (principal and interest) associated with the 2002 bond and the 2009 refunding bond.

Capital Projects Fund: Revenues in the Capital Projects Fund totaled \$1,582,114 compared to \$1,238,222 in the prior year. Expenditures totaled \$10,059,290 compared to \$2,918,445 in the prior year. The fund balance at June 30, 2018 is \$ 7,415,908 compared to \$10,593,084 in 2016-17. The large disparity is due the final QZAB debt installment of \$7,026,283.

Governmental Designated Purpose Grant Fund: The governmental designated purpose grants fund maintains separate accounts for each federal, state and local grant funded program. Grant funds are awarded for a specific use as defined in the grant application. The funds are used for the purposes for which they were granted, primarily to improve student achievement. Grant revenues in FY 2017-18 were \$15,607,855, a decrease of \$976,241 from the prior year. The decrease can be attributed to several changes in funding during FY 2017-18 and the decrease in the carryover from the prior year.

OTHER GOVERNMENTAL FUNDS

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

Education Foundation Fund: The Education Foundation Fund accounts for private gifts and donations to support the instructional functions of the District and its students through scholarships. Donations, gifts and miscellaneous revenue totaled \$49,081 for 2017-18 compared to \$56,430 for 2016-17 a decrease of \$7,349.

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

The Food Service Fund accounts for financial activities associated with the school lunch and breakfast programs. Revenues primarily come from the Federal Child Nutrition Act. Fiscal year 2017-18, local revenues totaled \$145,316 compared to \$126,484 the prior year. Local revenues are impacted by the adoption of the District of the Community Eligibility Provision (CEP). The CEP is a meal service option for school districts in low-income areas. The CEP allows the District to serve breakfast and lunch at no cost to all enrolled students. However, the District has had several locations move from free and reduced classification to pay as the district approaches the five year renewal process. The resulting government reimbursements totaled \$10,042,361 for 2017-18 compared to \$10,106,895 for the previous year in part by changes in the Free and Reduced population and the at-risk population. Net position of the Food Service Fund totaled \$5,779,187 as of June 30, 2018, compared to \$4,835,909 the prior year.

PROPRIETARY FUNDS

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

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

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

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

Charges for services totaled \$2,210,644 and expenses totaling \$1,901,546 in 2017-18 compared to \$2,197,450 and expenses totaling \$2,042,307 in 2016-17, respectively. Net position at June 30, 2018 totaled \$2,117,875 compared to \$1,808,709 at the beginning of the year an increase of \$309,166.

FIDUCIARY FUNDS

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

MAJOR FUND BUDGETARY HIGHLIGHTS

The budget for fiscal year 2017-18 adopted by the Board of Education on June 27, 2017 and amended January 23, 2018 with total appropriations of \$227,554,727 made up of the following:

- \$129,384,680 for the general fund
- \$ 11,580,312 for charter school operations
- \$ 26,968,654 for the governmental designated purpose grants fund
- \$ 17,304,584 for the capital projects fund
- \$ 17,256,273 for the bond redemption fund
- \$ 16,614,017 for the nutrition services fund
- \$ 4,068,760 for the risk management fund
- \$ 4,377,457 for the trust and agency funds

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: The District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totaled \$131,044,048 (net of accumulated depreciation of \$84,331,502). Capital assets include land, buildings, improvements, machinery, vehicles and equipment, and construction in progress. The reader should refer to Note 7 of the Notes to the Financial Statements for further information relative to capital assets.

Long-term Debt: At June 30, 2018, the District had total long-term debt outstanding of \$58,537,985 of which \$8,641,850 is due during the next twelve months. Long-term debt includes general obligation bonds, qualified academy zone bonds, obligations on capital leases, compensated absences, post-employment benefits self-insured workers compensation claims and the net pension liability per GASB 68. The reader should refer to Note 9 of the Notes to the Financial Statements for further information relative to long-term debt.

Component Units

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

FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS

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

The District received \$7,876.84, after rescissions, in per pupil finding for 2017-18 compared to \$7,553.06 for 2016-17 an increase of \$323.78 per pupil.

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

SUBSEQUENT EVENTS

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government	Component
	Governmental Activities	Units
ASSETS		
Cash and cash equivalents	\$ 49,292,873	\$ 3,704,523
Accounts receivable	3,259,360	120,172
Intergovernmental receivable	-	62,046
Taxes receivable	1,614,542	-
Internal balances	52,857	-
Receivable from charter schools	41,408	-
Inventory and other assets	156,970	-
Restricted cash and cash equivalents	9,251,989	1,862,887
Capital assets, not being depreciated	3,004,238	1,178,524
Capital assets, net of depreciation	128,039,810	9,981,338
Total assets	194,714,047	16,909,490
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,609,265	-
Deferred pension outflows	180,631,823	12,433,157
Deferred OPEB outflows	512,758	73,775
Total deferred outflows of resources	182,753,846	12,506,932
LIABILITIES		
Accounts payable	2,535,074	405,804
Intergovernmental payable	-	83,687
Accrued salaries and benefits	14,431,524	350,724
Accrued interest	71,963	-
Unearned revenues	3,761,827	102,925
Long-term liabilities		
Due within one year	8,641,850	405,000
Due in more than one year	49,896,135	11,983,306
Net pension liability	604,438,014	39,700,335
Net OPEB liability	13,802,799	906,612
Total liabilities	697,579,186	53,938,393
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	33,463,640	1,838,670
Deferred OPEB inflows	557,978	15,168
Total deferred inflows of resources	34,021,618	1,853,838
NET POSITION		
Net investment in capital assets	86,516,980	(1,228,444)
Restricted for:		
Emergency reserve (TABOR)	4,045,000	389,650
Debt service	9,367,524	1,370,361
Other purposes	1,319,516	262,495
Unrestricted	(455,381,931)	(27,169,871)
Total net position	\$ (354,132,911)	\$ (26,375,809)

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Units</u>
Primary government						
Governmental activities						
Instruction	\$ 158,357,268	\$ 1,105,946	\$ 23,104,583	\$ -	\$ (134,146,739)	\$ -
Supporting services	96,161,869	457,813	124,086	-	(95,579,970)	-
Community services	183,182	-	-	-	(183,182)	-
Capital projects	8,152	-	-	-	(8,152)	-
Food services	9,326,102	81,728	10,163,870	-	919,496	-
Interest on long-term debt	1,798,803	-	-	-	(1,798,803)	-
Total primary government	<u>\$ 265,835,376</u>	<u>\$ 1,645,487</u>	<u>\$ 33,392,539</u>	<u>\$ -</u>	<u>(230,797,350)</u>	
Component units						
Charter schools	<u>\$ 20,482,889</u>	<u>\$ 86,942</u>	<u>\$ 1,180,783</u>	<u>\$ 311,491</u>		<u>(18,903,673)</u>
General revenues:						
Property taxes					35,413,840	-
Specific ownership taxes					3,594,915	-
State equalization					90,577,602	-
Per pupil revenue					-	11,586,107
Investment earnings					708,531	51,125
Miscellaneous					953,756	161,381
Gain on sale of capital assets					19,675	-
Total general revenues					<u>131,268,319</u>	<u>11,798,613</u>
Change in net position					(99,529,031)	(7,105,060)
Net position - beginning (deficit), as restated					<u>(254,603,880)</u>	<u>(19,270,749)</u>
Net position - ending (deficit)					<u>\$ (354,132,911)</u>	<u>\$ (26,375,809)</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Governmental Designated Purpose Grants Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 37,542,268	\$ -	\$ -	\$ 5,944,945	\$ 5,801,239	\$ 49,288,452
Accounts receivable, net	58,430	2,920,065	-	6,374	274,491	3,259,360
Taxes receivable	1,249,948	-	296,052	68,542	-	1,614,542
Due from charter schools	41,408	-	-	-	-	41,408
Due from other funds	2,883,377	2,349,287	-	1,493,427	89,270	6,815,361
Inventories and other assets	13,588	-	-	-	93,382	106,970
Restricted cash and cash equivalents	-	-	9,251,989	-	-	9,251,989
	<u>\$ 41,789,019</u>	<u>\$ 5,269,352</u>	<u>\$ 9,548,041</u>	<u>\$ 7,513,288</u>	<u>\$ 6,258,382</u>	<u>\$ 70,378,082</u>
Total assets						
LIABILITIES						
Accounts payable	\$ 1,840,871	\$ 434,947	\$ -	\$ 97,380	\$ 65,845	\$ 2,439,043
Accrued salaries and benefits	12,942,583	1,315,939	-	-	173,002	14,431,524
Compensated absences	235,660	-	-	-	6,332	241,992
Due to other funds	9,815,746	126,924	400	-	41,416	9,984,486
Unearned revenue	292,383	3,391,542	-	-	77,901	3,761,826
	<u>25,127,243</u>	<u>5,269,352</u>	<u>400</u>	<u>97,380</u>	<u>364,496</u>	<u>30,858,871</u>
Total liabilities						
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	617,862	-	180,117	-	-	797,979
	<u>617,862</u>	<u>-</u>	<u>180,117</u>	<u>-</u>	<u>-</u>	<u>797,979</u>
Total deferred inflows of resources						
FUND BALANCES						
Nonspendable for:						
Inventories and prepaids	13,588	-	-	-	93,382	106,970
Restricted for:						
Emergency reserve (TABOR)	4,045,000	-	-	-	-	4,045,000
Debt service	-	-	9,367,524	-	-	9,367,524
Preschool	1,319,516	-	-	-	-	1,319,516
Assigned for:						
Risk management	534,868	-	-	-	-	534,868
Capital projects	-	-	-	7,415,908	-	7,415,908
Foundation activities	-	-	-	-	114,699	114,699
Athletics	74,909	-	-	-	-	74,909
Contingencies	7,048,659	-	-	-	-	7,048,659
School & BOE carryover	267,638	-	-	-	-	267,638
Textbook carryover	500,000	-	-	-	-	500,000
Food service operations	-	-	-	-	5,685,805	5,685,805
Unassigned	2,239,736	-	-	-	-	2,239,736
	<u>16,043,914</u>	<u>-</u>	<u>9,367,524</u>	<u>7,415,908</u>	<u>5,893,886</u>	<u>38,721,232</u>
Total fund balances						
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,789,019</u>	<u>\$ 5,269,352</u>	<u>\$ 9,548,041</u>	<u>\$ 7,513,288</u>	<u>\$ 6,258,382</u>	<u>\$ 70,378,082</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018

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

Total fund balance - governmental funds	\$	38,721,232
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, but are reported in the governmental activities of the statement of net position.		131,044,048
Property tax receivable is not available to pay current period expenditures and therefore is not reported in this fund financial statement, but is reported in the governmental activities of the statement of net position.		797,979
Internal service funds are used by the District's management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		2,117,875
Accrued interest is not due and payable in the current period, and therefore is not reported as a liability in the funds.		(71,963)
Deferred charges on refunding are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		1,609,265
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources.		
Pension outflows	\$	180,631,823
OPEB outflows		<u>512,758</u>
		181,144,581
Net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liabilities	\$	(604,438,014)
Net OPEB liabilities		<u>(13,802,799)</u>
		(618,240,813)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		(57,233,497)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources.		
Pension inflows	\$	(33,463,640)
OPEB inflows		<u>(557,978)</u>
		<u>(34,021,618)</u>
Net position of governmental activities in the statement of net position	\$	<u><u>(354,132,911)</u></u>

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Governmental Designated Purpose Grants Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources	\$ 33,696,959	\$ 114,241	\$ 8,128,869	\$ 1,253,134	\$ 194,397	\$ 43,387,600
State sources	96,862,551	2,551,839	-	328,980	81,703	99,825,073
Federal sources	266,141	12,941,775	-	-	10,042,361	23,250,277
Total revenues	<u>130,825,651</u>	<u>15,607,855</u>	<u>8,128,869</u>	<u>1,582,114</u>	<u>10,318,461</u>	<u>166,462,950</u>
EXPENDITURES						
Instruction	74,146,252	8,127,086	-	-	19,888	82,293,226
Supporting services	50,040,073	7,290,165	-	3,033,007	166	60,363,411
Community services	584	182,452	-	-	147	183,183
Capital projects	-	8,152	-	-	-	8,152
Food service operations	-	-	-	-	9,326,102	9,326,102
Debt service	513,577	-	7,925,531	7,026,283	-	15,465,391
Total expenditures	<u>124,700,486</u>	<u>15,607,855</u>	<u>7,925,531</u>	<u>10,059,290</u>	<u>9,346,303</u>	<u>167,639,465</u>
Excess (deficiency) of revenues over expenditures	<u>6,125,165</u>	<u>-</u>	<u>203,338</u>	<u>(8,477,176)</u>	<u>972,158</u>	<u>(1,176,515)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	<u>(5,300,000)</u>	<u>-</u>	<u>-</u>	<u>5,300,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,300,000)</u>	<u>-</u>	<u>-</u>	<u>5,300,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	825,165	-	203,338	(3,177,176)	972,158	(1,176,515)
Fund balances - beginning	<u>15,218,749</u>	<u>-</u>	<u>9,164,186</u>	<u>10,593,084</u>	<u>4,921,728</u>	<u>39,897,747</u>
Fund balances - ending	<u>\$ 16,043,914</u>	<u>\$ -</u>	<u>\$ 9,367,524</u>	<u>\$ 7,415,908</u>	<u>\$ 5,893,886</u>	<u>\$ 38,721,232</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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

Net change in fund balances - total governmental funds: \$ (1,176,515)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (3,810,970)

In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds. (110)

Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (159,001)

Internal service funds are used by the District to charge the cost of certain activities to individual funds. The net revenue of the internal service funds are reported with governmental activities. 309,166

Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid. 12,294

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 13,654,234

Some expenses related to post employment benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 698,997

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year. (331,181)

Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expenses	\$ (108,595,213)	
OPEB expenses	(130,732)	(108,725,945)

Change in net position of governmental activities \$ (99,529,031)

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,421
Due from other funds	3,221,981
Inventories and other assets	50,000
Total current assets	3,276,402
LIABILITIES	
Current liabilities	
Accounts payable	96,030
Claims and judgments	1,049,000
Total current liabilities	1,145,030
Long-term liabilities	
Claims and judgments	13,497
Total long-term liabilities	13,497
Total liabilities	1,158,527
NET POSITION	
Unrestricted	2,117,875
Total net position	\$ 2,117,875

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 2,210,644
Total operating revenues	2,210,644
OPERATING EXPENSES	
Insurance claims and expenses	1,901,546
Total operating expenses	1,901,546
Operating income (loss)	309,098
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	68
Total non-operating revenue (expenses)	68
Change in net position	309,166
Net position - beginning	1,808,709
Net position - ending	\$ 2,117,875

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

**PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 2,210,644
Cash payments to suppliers	(2,039,644)
Net cash provided (used) by operating activities	171,000
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	(171,000)
Net cash provided (used) by non-capital financing activities	(171,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	68
Net cash provided (used) by investing activities	68
Net increase (decrease) in cash and cash equivalents	68
Cash and cash equivalents - beginning	4,353
Cash and cash equivalents - ending	\$ 4,421

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

**PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities
	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 309,098
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in:	
Accounts payable	11,789
Claims payable	(149,887)
Total adjustments	(138,098)
Net cash provided (used) by operating activities	\$ 171,000

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

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 2,198,073
Accounts receivable	1,589
	\$ 2,199,662
Total assets	\$ 2,199,662
LIABILITIES	
Accounts payable	\$ 28,531
Payable to primary government	52,856
Payable to student organizations	2,118,275
	\$ 2,199,662
Total liabilities	\$ 2,199,662

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

NOTES TO FINANCIAL STATEMENTS

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. REPORTING ENTITY

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

Blended Component Unit

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

Discretely Presented Component Units

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. REPORTING ENTITY (CONTINUED)

Discretely Presented Component Units (continued)

The amount of state equalization allotted to each charter school during the year ended June 30, 2018 is as follows:

<u>Charter School</u>	<u>Amount</u>
PSAS – Jones	\$ 3,404,797
PSAS – Fulton	1,084,457
CHAVEZ/HUERTA	<u>7,097,153</u>
	<u>\$ 11,586,407</u>

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

C. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

D. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and cash equivalents

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

Receivables

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

Inventory

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

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

Restricted cash and cash equivalents

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

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, and construction in progress, are reported in the governmental activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000 in all funds, with the exception of computers and musical instruments which have a capitalization threshold of \$500. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (continued)

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

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

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

Pensions

Pueblo School District No. 60 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

Health Care Trust Fund

Pueblo School District No. 60 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred outflows/inflows of resources

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

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

Long-term liabilities

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

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

Net position flow assumption

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

Fund balance flow assumption

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund balance classification

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

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

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

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

Property Taxes

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

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2018 is 27.418 mills for general operating expenses and 8.000 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2018 is \$1,011,898,107.

Specific Ownership Taxes

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

Compensated Absences

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. ESTIMATES

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

I. ADOPTION OF NEW ACCOUNTING STANDARDS

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB)*, effective July 1, 2017. This Statement establishes standards of accounting and financial reporting for defined benefit Health Care Trust Funds (HCTF) provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. GASB No. 75 also provides standards for OPEB plans that are not administered through trusts such as the District's Life Insurance Plan. As a result, net position at June 30, 2017, was restated to reflect the cumulative effect of adopting the standards.

Net Position, June 30, 2017, as Originally Stated	\$(237,128,272)
Adjustment to fund balance - HCTF	(13,717,287)
Adjustment to fund balance – Life Insurance Plan	<u>(3,758,321)</u>
Net Position, June 30, 2017, as Restated (deficit)	<u><u>\$(254,603,880)</u></u>

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

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

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

Non-depreciable assets	\$ 3,004,238
Net depreciable assets	<u>128,039,810</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>total net position—governmental activities</i>	<u><u>\$ 131,044,048</u></u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Bonds payable	\$ (35,135,000)
Unamortized bond premium	(2,513,682)
Capital leases	(6,878,387)
Compensated absences	(2,969,347)
Post employment benefits obligation – life insurance	<u>(9,737,081)</u>
Net adjustment to <i>total fund balances—governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ (57,233,497)</u>

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

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

Depreciation	\$ (4,718,202)
Capital outlays	<u>907,232</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ (3,810,970)</u>

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

Principal payments: general obligation bonds	\$ 6,050,000
Principal payments: capital lease obligations	7,363,847
Amortization of deferred on refunding	(350,417)
Accretion of bond premium	<u>590,804</u>
Net adjustment to <i>net change in fund balances—governmental funds</i> to arrive at <i>change in net position—governmental activities</i>	<u>\$ 13,654,234</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2018 was \$73,501 and the bank balances were \$79,159. All of the bank balances were covered by federal deposit insurance.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

At June 30, 2018 the District's investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
ColoTrust	Less than 60 days	\$ 46,748,205
Money market	Less than 60 days	<u>11,723,156</u>
		<u>\$ 58,471,361</u>

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

Credit Risk: Credit risk involves the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those described above. The District does not have a formal investment policy that would further limit its investment choices. As of June 30, 2018 all of the District's investments in ColoTrust and money markets were rated AAAM by Standard & Poor's, the corporate discount notes were rated A1 by Standard & Poor's, and the other investments were not rated.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in ColoTrust and Wells Fargo Money Market Funds. These investments are 80.0% and 20.0%, respectively, of the district's total investments.

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

The designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal function of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with ColoTrust because they are not evidenced by securities that exist in physical or book entry form.

In accordance with state law, the District has designated Wells Fargo as the third party custodian for the bond redemption fund. Funds held at June 30, 2018 total \$9,251,989 and are included with the ColoTrust investments above.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables as of June 30, 2018 for the government's individual major funds, non-major governmental funds in the aggregate, and internal service funds in the aggregate, are as follows:

	<u>General Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
Receivables:					
Grants proceeds	\$ -	\$ 2,920,065	\$ -	\$ 255,587	\$ 3,175,652
Other	<u>58,430</u>	<u>-</u>	<u>6,374</u>	<u>18,904</u>	<u>83,708</u>
Total receivables	<u>\$ 58,430</u>	<u>\$ 2,920,065</u>	<u>\$ 6,374</u>	<u>\$ 274,491</u>	<u>\$ 3,259,360</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

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

The composition of interfund balances at June 30, 2018 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,883,377	\$ 9,815,746
Governmental Designated Purpose Grants Fund	2,349,287	126,924
Capital Projects Fund	1,493,427	-
Bond Redemption Fund	-	400
Nonmajor Funds	89,270	41,416
Risk Management Fund	3,221,981	-
Student Activity Fund	<u>-</u>	<u>52,856</u>
Total	<u>\$ 10,037,342</u>	<u>\$ 10,037,342</u>

Interfund transfers

Interfund transfer activity for the year ended June 30, 2018 is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 5,300,000
Capital Projects Fund	<u>5,300,000</u>	<u>-</u>
Total	<u>\$ 5,300,000</u>	<u>\$ 5,300,000</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 1,840,993	\$ -	\$ -	\$ 1,840,993
Construction in progress	<u>754,684</u>	<u>1,163,245</u>	<u>(754,684)</u>	<u>1,163,245</u>
Total capital assets not being depreciated	<u>2,595,677</u>	<u>1,163,245</u>	<u>(754,684)</u>	<u>3,004,238</u>
Capital assets being depreciated:				
Land improvements	17,866,569	89,687	-	17,956,256
Buildings and improvements	167,634,428	-	-	167,634,428
Equipment	<u>29,206,753</u>	<u>408,984</u>	<u>(2,835,109)</u>	<u>26,780,628</u>
Total capital assets being depreciated	<u>214,707,750</u>	<u>498,671</u>	<u>(2,835,109)</u>	<u>212,371,312</u>
Less accumulated depreciation for:				
Land improvements	(10,999,620)	(554,377)	-	(11,553,997)
Buildings and improvements	(51,499,479)	(3,070,850)	-	(54,570,329)
Equipment	<u>(19,949,200)</u>	<u>(1,092,975)</u>	<u>2,834,999</u>	<u>(18,207,176)</u>
Total accumulated depreciation	<u>(82,448,299)</u>	<u>(4,718,202)</u>	<u>2,834,999</u>	<u>(84,331,502)</u>
Total capital assets being depreciated, net	<u>132,259,451</u>	<u>(4,219,531)</u>	<u>(110)</u>	<u>128,039,810</u>
Governmental activities capital assets, net	<u>\$ 134,855,128</u>	<u>\$ (3,056,286)</u>	<u>\$ (754,794)</u>	<u>\$ 131,044,048</u>

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

Governmental Activities

Instruction	\$ 1,194,177
Support services	3,507,511
Food services	<u>16,514</u>
	<u>\$ 4,718,202</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately ten months. The salaries and benefits earned, but unpaid, as of June 30, 2018, are \$14,431,524. Accordingly, the accrued compensation is reflected as a liability in the accompanying Government-Wide Statement of Net Position.

NOTE 9 - LONG-TERM LIABILITIES

General Obligation Bonds

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

General Obligation bonds payable at June 30, 2018 are as follows:

	<u>Principal Balance</u>
\$63,340,000 of general obligation refunding bonds series 2009; payable in annual installments ranging from \$3,011,412 to \$7,953,087 including interest through December 15, 2022; interest accrues at an annual rate ranging from 2.00% to 5.00%; debt is serviced by the debt service fund.	<u>\$ 35,135,000</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,355,000	\$ 1,573,325
2020	6,680,000	1,259,375
2021	7,005,000	924,075
2022	7,365,000	564,825
2023	7,730,000	190,350
Total	<u>\$ 31,135,000</u>	<u>\$ 4,511,950</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Margin

Assessed valuation	<u>\$1,011,898,107</u>
Debt limit – 20% of assessed valuation	\$ 202,379,621
General obligation debt	<u>31,135,000</u>
	<u>\$ 171,244,621</u>

Capital Leases

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

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

A capital lease was issued in 2015 in the amount of \$7,685,573 to purchase property for energy conservation measures, payable in quarterly payments through 2030 and bearing interest at 2.481%.

The above agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of future minimum lease payments as of each inception date.

The future minimum lease obligations and the net present value of these minimum lease payments for capital leases as of June 30, 2018, were as follows:

<u>Year Ending June 30</u>	
2019	\$ 555,032
2020	584,608
2021	578,924
2022	593,301
2023	618,410
2024-2028	3,509,635
2029-2030	<u>1,620,641</u>
Total minimum lease payments	8,060,551
Less: amount representing interest	<u>(1,182,164)</u>
Present value of minimum lease payments	<u>\$ 6,878,387</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of long-term liabilities of the District for the year ended June 30, 2018:

	<u>Balance</u> <u>06/30/17</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/18</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 41,185,000	\$ -	\$ 6,050,000	\$ 35,135,000	\$ 6,355,000
Unamortized bond premium	<u>3,104,486</u>	<u>-</u>	<u>590,804</u>	<u>2,513,682</u>	<u>-</u>
Total bonds payable	44,289,486	-	6,640,804	37,648,682	6,355,000
Capital Leases	14,242,234	-	7,363,847	6,878,387	387,858
Compensated absences	2,879,469	4,739,380	4,407,511	3,211,338	241,992
Post employment benefits					
Obligation, as restated	10,436,078	375,699	1,074,696	9,737,081	608,000
Self insured claims	<u>1,212,384</u>	<u>1,049,343</u>	<u>1,199,230</u>	<u>1,062,497</u>	<u>1,049,000</u>
<i>Total Governmental Activities</i>	<u>\$ 73,059,651</u>	<u>\$ 6,164,422</u>	<u>\$ 20,686,088</u>	<u>\$ 58,537,985</u>	<u>\$ 8,641,850</u>

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

NOTE 10 - RISK MANAGEMENT

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The District has elected to self-insure for workers' compensation with specific risk retention of \$425,000 per accident with a statutory maximum liability limit. The District has a \$1,000,000 employers' liability maximum limit of indemnity per occurrence. Aggregate loss funds for the period July 1, 1992 through June 30, 2006 will remain open until all claims in each fiscal year are closed. The District chose not to purchase aggregate coverage effective July 1, 2006. Claims and insurance costs are recognized as expenses in the risk management internal service fund. A reserve for workers' compensation claims is presented in the risk management internal service fund which represents the discounted present value of expected losses and includes claims incurred but not yet reported. Changes in the claims liability for the year ended June 30, 2018 are as follows:

Estimated claims liability, beginning	\$ 1,212,384
Incurred claims	1,049,343
Payments	<u>(1,199,230)</u>
Estimated claims liability, ending	<u>\$ 1,062,497</u>

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

NOTE 11 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the Pueblo School District No. 60 are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2017. 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT 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.

As of December 31, 2017, 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 provisions as of June 30, 2018: Eligible employees and Pueblo School District No. 60 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer contribution rate ¹	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.50%
Total employer contribution rate to the SCHDTF¹	18.63%	19.13%

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Pueblo School District No. 60 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Pueblo School District No. 60 were \$16,411,944 for the year ended June 30, 2018.

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

At June 30, 2018, the Pueblo School District No. 60 reported a liability of \$604,438,014 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The Pueblo School District No. 60 proportion of the net pension liability was based on Pueblo School District No. 60 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Pueblo School District No. 60's proportion was 1.8692159744 percent, which was a decrease of 0.0514272974 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Pueblo School District No. 60 recognized pension expense of \$125,007,156. At June 30, 2018, the Pueblo School District No. 60 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$ 11,113,068	\$ -
Changes of assumptions or other inputs	154,335,481	979,376
Net difference between projected and actual earnings on pension plan investments	-	23,736,856
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,790,798	8,747,408
Contributions subsequent to the measurement date	8,392,476	-
Total	\$ 180,631,823	\$ 33,463,640

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$8,392,476 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2018:	
2019	\$ 95,256,840
2020	\$ 53,116,361
2021	\$ (667,595)
2022	\$ (8,929,899)
2023	\$ -
Thereafter	\$ -

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- **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.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

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.

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 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.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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%
Total	100.00%	

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (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 Bond Buyer, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the Pueblo School District No. 60 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	\$ 763,508,013	\$ 604,438,014	\$ 474,814,130

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.

Changes between the measurement date of the net pension liability and June 30, 2018.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the Pueblo School District No. 60 reported a liability of \$604,438,014 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the Pueblo School District No. 60 proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$ 273,079,855

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$282,155,441 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Plan description. Eligible employees of the Pueblo School District No. 60 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Pueblo School District No. 60 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Pueblo School District No. 60 were \$886,595 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Pueblo School District No. 60 reported a liability of \$13,802,799 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Pueblo School District No. 60 proportion of the net OPEB liability was based on Pueblo School District No. 60 contributions to the HCTF for calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Pueblo School District No. 60 proportion was 1.0620805913 percent, which was a decrease of 0.0298829609 from its proportion measured as of December 31, 2016.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For the year ended June 30, 2018, the Pueblo School District No. 60 recognized OPEB expense of \$1,017,315. At June 30, 2018, the Pueblo School District No. 60 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 65,275	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	230,918
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	327,060
Contributions subsequent to the measurement date	447,483	N/A
Total	\$ 512,758	\$ 557,978

\$447,483 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2018:	
2019	\$ (109,160)
2020	\$ (109,160)
2021	\$ (109,160)
2022	\$ (109,139)
2023	\$ (51,425)
Thereafter	\$ (4,659)

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on 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 for the School and Judicial Divisions were based on 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.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

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.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, 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 for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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%
Total	100.00%	

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

Sensitivity of the Pueblo School District No. 60 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 13,423,031	\$ 13,802,799	\$ 14,260,206

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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 health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

- 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%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- 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.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Pueblo School District No. 60 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 15,518,686	\$ 13,802,799	\$ 12,338,243

OPEB plan fiduciary net position. Detailed information about the HCTF’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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The District's defined benefit OPEB plan, Pueblo City Schools Retiree Benefits Plan (PCSRBP), provides life insurance benefits to a closed group of retired employees. PCSRBP is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. This OPEB plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or a report of another entity.

Benefits Provided

PCSRBP provides a term life insurance policy whose face value is equal to the employee's salary at termination and is provided to all full-time salaries personnel (except educational assistants) employed prior to July 1, 1980 and who retired before September 1, 1995.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Retired participants: 426

The plan is closed to new entrants.

Total OPEB Liability

The District's total OPEB liability of \$9,737,081 was measured as of June 30, 2018, and was determined by an actuarial valuation date of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age
Amortization	Immediate recognition of actuarial gains and losses
Mortality	PR 2014 Mortality Table projected to 2024 with Scale BB
Discount Rate	3.60% - 3.85% Based on the Bond Buyer 20-Bond General Obligation Index
Inflation	1.60% - 1.85%
Expenses	None

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 7/1/17	\$ 10,436,078
Changes for the year:	
Service cost	-
Interest cost	375,699
Benefit payments	(608,117)
Differences between expected and actual experience	(285,200)
Changes in benefit terms	-
Changes in assumptions	<u>(181,379)</u>
Net changes	<u>(698,997)</u>
Balance at 6/30/18	<u>\$ 9,737,081</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.5% in 2017 to 3.60% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.60 percent) or 1-percentage-point higher (4.60 percent) than the current discount rate:

	1% Decrease (2.60%)	Current Discount Rate (3.60%)	1% Increase (4.60%)
Total OPEB liability	\$ 10,505,337	\$ 9,737,081	\$ 9,055,485

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in the Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in the Healthcare Cost Trend Rates
Total OPEB liability	\$ 9,737,081	\$ 9,737,081	\$ 9,737,081

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized an OPEB expense of \$90,880. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Total	\$ -	\$ -

For the year ended June 30, 2018 there are no amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in OPEB expense.

NOTE 14 – JOINT VENTURE

The District is a participant with other school districts in a joint venture known as South Central Board of Cooperative Educational Services (Cooperative). The Cooperative is organized under provisions of Colorado law to provide special education services to member school districts in the Cooperative’s general area. The member school districts provide approximately 60% of the Cooperative’s total annual financial resources and each member district appoints a member of its board of education to serve on the governing body of the Cooperative. For the year ended June 30, 2018, the District purchased no services from the Cooperative. Complete financial statements for the Cooperative can be obtained from their administrative office at 323 S. Purcell Boulevard; Pueblo West, CO, 81007.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grants

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

Legal

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases

The District leases wide area telecommunication services and copier equipment under non-cancelable operating leases. Total costs for such leases were \$383,748 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>		
2019	\$	343,090
2020		154,000
2021		<u>140,893</u>
Total	\$	<u>637,983</u>

NOTE 16 - TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	1.8692159744%	1.9206432718%	1.8187015096%	1.8692872735%	1.9222776421%
District's proportionate share of the net pension liability (asset)	\$ 604,438,014	\$ 571,849,773	\$ 278,157,556	\$ 253,351,215	\$ 245,185,994
District's covered payroll	\$ 86,224,724	\$ 86,201,909	\$ 79,258,595	\$ 78,309,727	\$ 77,493,133
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 16,063,666	\$ 15,628,406	\$ 13,735,515	\$ 12,866,288	\$ 12,034,684
Contributions in relation to the contractually required contribution	<u>(16,063,666)</u>	<u>(15,628,406)</u>	<u>(13,735,515)</u>	<u>(12,866,288)</u>	<u>(12,034,684)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 86,224,724	\$ 86,201,909	\$ 79,258,595	\$ 78,309,727	\$ 77,493,133
Contributions as a percentage of covered payroll	18.63%	18.13%	17.33%	16.43%	15.53%

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

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

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	1.0620805913%	1.0919635522%
District's proportionate share of the net OPEB liability (asset)	\$ 13,802,799	\$ 14,157,679
District's covered payroll	\$ 86,224,659	\$ 86,221,407
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2018

	2017	2016
Contractually required contribution	\$ 879,492	\$ 879,458
Contributions in relation to the contractually required contribution	(879,492)	(879,458)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 86,224,659	\$ 86,221,407
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
PUEBLO CITY SCHOOLS RETIREMENT LIFE INSURANCE PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	2018
Total OPEB liability	
Service cost	\$ -
Interest cost	375,699
Benefit payments	(608,117)
Differences between expected and actual experience	(285,200)
Changes in benefit terms	-
Changes in assumptions	(181,379)
Net change in total OPEB liability	(698,997)
Total OPEB liability - beginning, as restated	10,436,078
Total OPEB liability - ending	\$ 9,737,081
Covered-employee payroll	\$ -
Total OPEB liability as a percentage of covered-employee payroll	0%
Notes to Schedule:	
Changes of assumptions - effects of discount rate each period	3.60%

* The amounts presented for each fiscal year were determined as of 6/30.

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

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 26,537,468	\$ 27,356,249	\$ 27,534,802	\$ 178,553
Specific ownership taxes	2,386,846	2,420,000	2,771,916	351,916
State sources	96,107,965	96,446,083	96,862,551	416,468
Federal sources	272,000	266,500	266,141	(359)
Other local sources	3,568,700	4,557,319	3,390,241	(1,167,078)
Total revenues	<u>128,872,979</u>	<u>131,046,151</u>	<u>130,825,651</u>	<u>(220,500)</u>
EXPENDITURES				
Instruction	73,286,744	75,088,201	74,146,252	941,949
Supporting services				
Student support	6,698,074	7,442,503	7,200,419	242,084
Instructional staff	6,287,825	5,719,575	5,158,074	561,501
General administration	2,357,279	2,921,307	1,523,807	1,397,500
School administration	9,171,433	9,292,467	9,004,386	288,081
Business services	2,545,975	2,548,225	1,638,373	909,852
Operations and maintenance	14,642,240	15,718,130	15,979,813	(261,683)
Student transportation	2,902,571	2,912,645	2,711,794	200,851
Central support service	6,121,279	6,159,192	5,800,701	358,491
Other support services	977,057	1,029,557	1,022,706	6,851
Community services	-	-	584	(584)
Debt service	513,577	513,577	513,577	-
Contingency reserves	14,853,457	11,619,613	-	11,619,613
Total expenditures	<u>140,357,511</u>	<u>140,964,992</u>	<u>124,700,486</u>	<u>16,264,506</u>
Excess (deficiency) of revenues over expenditures	<u>(11,484,532)</u>	<u>(9,918,841)</u>	<u>6,125,165</u>	<u>16,044,006</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(3,650,000)</u>	<u>(5,300,000)</u>	<u>(5,300,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,650,000)</u>	<u>(5,300,000)</u>	<u>(5,300,000)</u>	<u>-</u>
Net change in fund balance	(15,134,532)	(15,218,841)	825,165	16,044,006
Fund balance - beginning	<u>15,134,532</u>	<u>15,218,841</u>	<u>15,218,749</u>	<u>(92)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,043,914</u>	<u>\$ 16,043,914</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GOVERNMENTAL DESIGNATED - PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Local sources	\$ 288,961	\$ 288,961	\$ 114,241	\$ (174,720)
State sources	4,665,711	4,665,711	2,551,839	(2,113,872)
Federal sources	22,013,982	22,013,982	12,941,775	(9,072,207)
Total revenues	<u>26,968,654</u>	<u>26,968,654</u>	<u>15,607,855</u>	<u>(11,360,799)</u>
EXPENDITURES				
Instruction	14,042,709	14,042,709	8,127,086	5,915,623
Supporting services				
Student support	2,177,160	2,177,160	1,260,011	917,149
Instructional staff	9,031,995	9,031,995	5,227,182	3,804,813
Business services	128,206	128,206	74,198	54,008
Student transportation	5,244	5,244	3,035	2,209
Central support service	19,885	19,885	11,508	8,377
Other support services	1,234,112	1,234,112	714,231	519,881
Capital projects	14,086	14,086	8,152	5,934
Community services	315,257	315,257	182,452	132,805
Total expenditures	<u>26,968,654</u>	<u>26,968,654</u>	<u>15,607,855</u>	<u>11,360,799</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

GENERAL FUND

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

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

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

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Local sources			
Property taxes	\$ 27,356,249	\$ 27,534,802	\$ 178,553
Specific ownership taxes	2,420,000	2,771,916	351,916
Tuition	140,000	81,487	(58,513)
Indirect costs	1,130,000	1,129,097	(903)
Student activities	584,619	545,389	(39,230)
Earnings on investments	200,000	360,705	160,705
Other local sources	2,502,700	1,273,563	(1,229,137)
Total local sources	<u>34,333,568</u>	<u>33,696,959</u>	<u>(636,609)</u>
State sources			
State equalization	90,520,337	90,577,602	57,265
Special education	4,012,291	4,048,255	35,964
Vocational education	229,300	443,355	214,055
Transportation	517,336	574,535	57,199
Other state sources	1,166,819	1,218,804	51,985
Total state sources	<u>96,446,083</u>	<u>96,862,551</u>	<u>416,468</u>
Federal sources			
Other	266,500	266,141	(359)
Total federal sources	<u>266,500</u>	<u>266,141</u>	<u>(359)</u>
Total revenues	<u>\$ 131,046,151</u>	<u>\$ 130,825,651</u>	<u>\$ (220,500)</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Instructional services			
Instruction			
Salaries	\$ 52,476,780	\$ 52,231,590	\$ 245,190
Employee benefits	15,382,608	15,611,377	(228,769)
Purchased services	2,040,156	1,842,809	197,347
Supplies	2,903,615	2,164,269	739,346
Capital outlay	141,445	139,798	1,647
Other expenses	561,253	597,303	(36,050)
Total instruction	<u>73,505,857</u>	<u>72,587,146</u>	<u>918,711</u>
Athletics			
Salaries	917,363	922,732	(5,369)
Employee benefits	192,588	193,938	(1,350)
Purchased services	342,930	329,690	13,240
Supplies	80,578	66,478	14,100
Capital outlay	693	698	(5)
Other expenses	48,192	45,570	2,622
Total athletics	<u>1,582,344</u>	<u>1,559,106</u>	<u>23,238</u>
Total instructional services	<u>75,088,201</u>	<u>74,146,252</u>	<u>941,949</u>
Supporting services			
Student support			
Salaries	5,566,017	5,405,800	160,217
Employee benefits	1,584,461	1,560,937	23,524
Purchased services	194,340	172,082	22,258
Supplies	73,259	41,416	31,843
Capital outlay	18,207	15,146	3,061
Other expenses	6,219	5,038	1,181
Total student support	<u>\$ 7,442,503</u>	<u>\$ 7,200,419</u>	<u>\$ 242,084</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional staff			
Salaries	\$ 3,838,242	\$ 3,792,846	\$ 45,396
Employee benefits	1,191,741	1,038,152	153,589
Purchased services	384,654	159,833	224,821
Supplies	236,902	124,277	112,625
Capital outlay	19,199	7,035	12,164
Other expenses	48,837	35,931	12,906
Total instructional staff	5,719,575	5,158,074	561,501
General administration			
Salaries	1,091,311	591,894	499,417
Employee benefits	331,821	162,245	169,576
Purchased services	1,282,281	715,778	566,503
Supplies	134,377	26,962	107,415
Capital outlay	13,070	2,696	10,374
Other expenses	68,447	24,232	44,215
Total general administration	2,921,307	1,523,807	1,397,500
School administration			
Salaries	6,822,861	6,829,994	(7,133)
Employee benefits	2,104,888	1,941,157	163,731
Purchased services	91,086	73,121	17,965
Supplies	257,328	148,393	108,935
Capital outlay	1,019	585	434
Other expenses	15,285	11,136	4,149
Total school administration	9,292,467	9,004,386	288,081
Business services			
Salaries	1,379,938	1,335,849	44,089
Employee benefits	423,251	389,886	33,365
Purchased services	445,580	377,183	68,397
Supplies	246,588	193,666	52,922
Capital outlay	33,480	26,918	6,562
Other expenses	19,388	(685,129)	704,517
Total business services	\$ 2,548,225	\$ 1,638,373	\$ 909,852

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
Operations and maintenance			
Salaries	\$ 6,409,615	\$ 6,773,926	\$ (364,311)
Employee benefits	2,068,873	2,245,630	(176,757)
Purchased services	2,439,138	1,995,442	443,696
Supplies	4,593,179	4,756,966	(163,787)
Capital outlay	110,850	97,450	13,400
Other expenses	96,475	110,399	(13,924)
Total operations and maintenance	<u>15,718,130</u>	<u>15,979,813</u>	<u>(261,683)</u>
Student transportation			
Purchased services	2,909,811	2,709,547	200,264
Supplies	2,834	2,247	587
Total student transportation	<u>2,912,645</u>	<u>2,711,794</u>	<u>200,851</u>
Central support services			
Salaries	1,694,449	1,516,941	177,508
Employee benefits	504,763	441,999	62,764
Purchased services	2,246,638	2,199,670	46,968
Supplies	1,205,134	1,113,688	91,446
Capital outlay	459,005	482,919	(23,914)
Other expenses	49,203	45,484	3,719
Total central support services	<u>6,159,192</u>	<u>5,800,701</u>	<u>358,491</u>
Other supporting services			
Salaries	167,454	94,430	73,024
Employee benefits	569,107	621,688	(52,581)
Purchased services	72,830	33,286	39,544
Supplies	107,281	144,305	(37,024)
Capital outlay	10,856	9,239	1,617
Other expenses	102,029	119,758	(17,729)
Total other supporting services	<u>1,029,557</u>	<u>1,022,706</u>	<u>6,851</u>
Total supporting services	<u>\$ 53,743,601</u>	<u>\$ 50,040,073</u>	<u>\$ 3,703,528</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
Community services			
Employee benefits	-	310	(310)
Purchased services	-	274	(274)
Total community services	-	584	(584)
Debt service	513,577	513,577	-
Contingency reserves	11,619,613	-	11,619,613
Total expenditures	140,964,992	124,700,486	16,264,506
Excess (deficiency) of revenues over expenditures	(9,918,841)	6,125,165	16,044,006
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(5,300,000)	(5,300,000)	-
Total other financing sources (uses)	(5,300,000)	(5,300,000)	-
Net change in fund balance	(15,218,841)	825,165	16,044,006
Fund balance - beginning	15,218,841	15,218,749	(92)
Fund balance - ending	\$ -	\$ 16,043,914	\$ 16,043,914

See the accompanying independent auditors' report.

BOND REDEMPTION FUND

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

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

PUEBLO SCHOOL DISTRICT NO. 60
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 8,040,086	\$ 8,038,072	\$ (2,014)
Investment income	52,000	90,797	38,797
Total revenues	<u>8,092,086</u>	<u>8,128,869</u>	<u>36,783</u>
EXPENDITURES			
Debt Service			
Principal	6,050,000	6,050,000	-
Interest	1,875,531	1,875,531	-
Contingency reserves	9,330,742	-	9,330,742
Total expenditures	<u>17,256,273</u>	<u>7,925,531</u>	<u>9,330,742</u>
Net change in fund balance	(9,164,187)	203,338	9,367,525
Fund balance - beginning	<u>9,164,187</u>	<u>9,164,186</u>	<u>(1)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 9,367,524</u></u>	<u><u>\$ 9,367,524</u></u>

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

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

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

PUEBLO SCHOOL DISTRICT NO. 60
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Specific ownership taxes	\$ 735,000	\$ 822,999	\$ 87,999
Investment income	175,000	243,960	68,960
Other local revenue	16,000	186,175	170,175
State capital construction	340,000	328,980	(11,020)
Total revenues	<u>1,266,000</u>	<u>1,582,114</u>	<u>316,114</u>
 EXPENDITURES			
Supporting services			
Operations and maintenance	7,013,139	2,852,004	4,161,135
Central	1,172,689	181,003	991,686
Debt Service			
Principal	7,068,755	7,026,283	42,472
Contingency reserves	2,050,001	-	2,050,001
Total expenditures	<u>17,304,584</u>	<u>10,059,290</u>	<u>7,245,294</u>
Excess (deficiency) in revenues over expenditures	<u>(16,038,584)</u>	<u>(8,477,176)</u>	<u>7,561,408</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>5,445,500</u>	<u>5,300,000</u>	<u>(145,500)</u>
Net change in fund balance	(10,593,084)	(3,177,176)	7,415,908
Fund balance - beginning	<u>10,593,084</u>	<u>10,593,084</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 7,415,908</u>	<u>\$ 7,415,908</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

School District No. 60 Education Foundation, Inc.

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

Food Service Fund

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

PUEBLO SCHOOL DISTRICT NO. 60
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Education Foundation, Inc.	Food Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 133,938	\$ 5,667,301	\$ 5,801,239
Accounts receivable, net	-	274,491	274,491
Due from other funds	-	89,270	89,270
Inventories	-	93,382	93,382
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 133,938</u>	<u>\$ 6,124,444</u>	<u>\$ 6,258,382</u>
LIABILITIES			
Accounts payable	\$ -	\$ 65,845	\$ 65,845
Accrued salaries and benefits	-	173,002	173,002
Compensated absences	-	6,332	6,332
Due to other funds	19,239	22,177	41,416
Unearned revenue	-	77,901	77,901
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>19,239</u>	<u>345,257</u>	<u>364,496</u>
FUND BALANCES			
Nonspendable for:			
Inventories and prepaids	-	93,382	93,382
Assigned for:			
Foundation activities	114,699	-	114,699
Food service operations	-	5,685,805	5,685,805
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>114,699</u>	<u>5,779,187</u>	<u>5,893,886</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, and fund balances	<u>\$ 133,938</u>	<u>\$ 6,124,444</u>	<u>\$ 6,258,382</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Education Foundation, Inc.	Food Service Fund	Nonmajor Governmental Funds
REVENUES			
Local sources	\$ 49,081	\$ 145,316	\$ 194,397
State sources	-	81,703	81,703
Federal sources	-	10,042,361	10,042,361
Total revenues	<u>49,081</u>	<u>10,269,380</u>	<u>10,318,461</u>
EXPENDITURES			
Instruction	19,888	-	19,888
Supporting services	166	-	166
Community services	147	-	147
Food service operations	-	9,326,102	9,326,102
Total expenditures	<u>20,201</u>	<u>9,326,102</u>	<u>9,346,303</u>
Net change in fund balances	28,880	943,278	972,158
Fund balances - beginning	<u>85,819</u>	<u>4,835,909</u>	<u>4,921,728</u>
Fund balances - ending	<u><u>\$ 114,699</u></u>	<u><u>\$ 5,779,187</u></u>	<u><u>\$ 5,893,886</u></u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
SCHOOL DISTRICT NO. 60 EDUCATION FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Contributions	\$ 40,600	\$ 46,598	\$ 5,998
Investment income	500	756	256
Other revenues	-	1,727	1,727
	<u>41,100</u>	<u>49,081</u>	<u>7,981</u>
EXPENDITURES			
Instruction	47,424	19,888	27,536
Supporting services	3,376	166	3,210
Community services	200	147	53
Contingency reserves	75,919	-	75,919
	<u>126,919</u>	<u>20,201</u>	<u>106,718</u>
Net change in fund balance	(85,819)	28,880	114,699
Fund balance - beginning	<u>85,819</u>	<u>85,819</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 114,699</u>	<u>\$ 114,699</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ 103,850	\$ 145,316	\$ 41,466
State sources	-	81,703	81,703
Federal sources	11,674,259	10,042,361	(1,631,898)
 Total revenues	 <u>11,778,109</u>	 <u>10,269,380</u>	 <u>(1,508,729)</u>
EXPENDITURES			
Salaries	2,627,302	2,650,786	(23,484)
Employee benefits	663,239	758,488	(95,249)
Purchased services	198,317	210,687	(12,370)
Supplies	6,544,464	5,392,929	1,151,535
Equipment	204,995	46,032	158,963
Other	394,200	267,180	127,020
Contingency reserves	5,981,500	-	5,981,500
 Total operating expenses	 <u>16,614,017</u>	 <u>9,326,102</u>	 <u>7,287,915</u>
 Change in fund balances	 (4,835,908)	 943,278	 5,779,186
 Fund balance - beginning	 <u>4,835,908</u>	 <u>4,835,909</u>	 <u>1</u>
 Fund balance - ending	 <u>\$ -</u>	 <u>\$ 5,779,187</u>	 <u>\$ 5,779,187</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

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

Risk Management Fund

This fund accounts for risk management activities of the District.

PUEBLO SCHOOL DISTRICT NO. 60
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 2,260,000	\$ 2,210,644	\$ (49,356)
Total operating revenues	2,260,000	2,210,644	(49,356)
OPERATING EXPENSES			
Insurance claims and expenses	2,198,780	1,901,546	297,234
Contingency reserves	1,869,980	-	1,869,980
Total operating expenses	4,068,760	1,901,546	2,167,214
Operating income (loss)	(1,808,760)	309,098	2,117,858
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	50	68	18
Total non-operating revenue (expenses)	50	68	18
Income (loss) before transfers	(1,808,710)	309,166	2,117,876
Change in net position	(1,808,710)	309,166	2,117,876
Net position - beginning	1,808,710	1,808,709	(1)
Net position - ending	\$ -	\$ 2,117,875	\$ 2,117,875

See the accompanying independent auditors' report.

FIDUCIARY FUND

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

Student Activity Agency Fund

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

PUEBLO SCHOOL DISTRICT NO. 60
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 2,109,607	\$ 2,203,147	\$ 2,114,681	\$ 2,198,073
Accounts receivable	763	1,589	763	1,589
Total assets	<u>\$ 2,110,370</u>	<u>\$ 2,204,736</u>	<u>\$ 2,115,444</u>	<u>\$ 2,199,662</u>
LIABILITIES				
Accounts payable	\$ 25,608	\$ 28,531	\$ 25,608	\$ 28,531
Payable to primary government	52,723	52,856	52,723	52,856
Due to student organizations	2,032,039	2,123,349	2,037,113	2,118,275
Total liabilities	<u>\$ 2,110,370</u>	<u>\$ 2,204,736</u>	<u>\$ 2,115,444</u>	<u>\$ 2,199,662</u>

See the accompanying independent auditors' report.

COMPONENT UNITS

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	PSAS JONES AVE	PSAS FULTON HEIGHTS	CHAVEZ/ HUERTA	TOTAL
ASSETS				
Cash and cash equivalents	\$ 1,030,175	\$ -	\$ 2,674,348	\$ 3,704,523
Accounts receivable	-	-	120,172	120,172
Intergovernmental receivable	-	62,046	-	62,046
Internal balances	(12,967)	12,967	-	-
Restricted cash and cash equivalents	-	-	1,862,887	1,862,887
Capital assets, not being depreciated	-	-	1,178,524	1,178,524
Capital assets, net of depreciation	477,039	296,246	9,208,053	9,981,338
	<u>1,494,247</u>	<u>371,259</u>	<u>15,043,984</u>	<u>16,909,490</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	3,575,435	1,226,500	7,631,222	12,433,157
Deferred OPEB outflows	34,573	11,859	27,343	73,775
	<u>3,610,008</u>	<u>1,238,359</u>	<u>7,658,565</u>	<u>12,506,932</u>
LIABILITIES				
Accounts payable and accrued liabilities	116,058	-	289,746	405,804
Intergovernmental payable	83,687	-	-	83,687
Accrued salaries and benefits	169,944	68,493	112,287	350,724
Unearned revenue	20,925	6,520	75,480	102,925
Long-term liabilities				
Due within one year	-	-	405,000	405,000
Due in more than one year	-	-	11,983,306	11,983,306
Net pension liability	10,377,785	3,559,945	25,762,605	39,700,335
Net OPEB liability	236,985	81,294	588,333	906,612
	<u>11,005,384</u>	<u>3,716,252</u>	<u>39,216,757</u>	<u>53,938,393</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	429,229	147,241	1,262,200	1,838,670
Deferred OPEB inflows	3,965	1,360	9,843	15,168
	<u>433,194</u>	<u>148,601</u>	<u>1,272,043</u>	<u>1,853,838</u>
NET POSITION				
Net investment in capital assets	477,039	296,246	(2,001,729)	(1,228,444)
Restricted for:				
Emergency reserve	144,650	-	245,000	389,650
Debt service	-	-	1,370,361	1,370,361
Other purposes	-	-	262,495	262,495
Unrestricted	(6,956,012)	(2,551,481)	(17,662,378)	(27,169,871)
	<u>\$ (6,334,323)</u>	<u>\$ (2,255,235)</u>	<u>\$ (17,786,251)</u>	<u>\$ (26,375,809)</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	PSAS JONES AVE	PSAS FULTON HEIGHTS	CHAVEZ/ HUERTA	TOTAL
REVENUES				
Per pupil revenue	\$ 3,404,797	\$ 1,084,457	\$ 7,096,853	\$ 11,586,107
Charges for services	27,035	7,351	52,556	86,942
Operating grants and contributions	80,740	326,462	773,581	1,180,783
Capital grants and contributions	55,042	20,122	236,327	311,491
Investment earnings	3,414	15	47,696	51,125
Other	(296)	89,689	71,988	161,381
	<u>3,570,732</u>	<u>1,528,096</u>	<u>8,279,001</u>	<u>13,377,829</u>
EXPENSES				
Instruction	2,685,545	2,515,177	6,350,452	11,551,174
Supporting services	1,339,229	1,336,371	5,212,336	7,887,936
Capital projects	70,878	148,628	-	219,506
Depreciation and amortization	-	-	260,818	260,818
Interest and fiscal charges	-	-	563,455	563,455
	<u>4,095,652</u>	<u>4,000,176</u>	<u>12,387,061</u>	<u>20,482,889</u>
Change in net position	(524,920)	(2,472,080)	(4,108,060)	(7,105,060)
Net position - beginning, as restated	<u>(5,809,403)</u>	<u>216,845</u>	<u>(13,678,191)</u>	<u>(19,270,749)</u>
Net position - ending	<u>\$ (6,334,323)</u>	<u>\$ (2,255,235)</u>	<u>\$ (17,786,251)</u>	<u>\$ (26,375,809)</u>

See the accompanying independent auditors' report.

EXPENDITURES OF FEDERAL AWARDS

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
Passed Through Colorado Department of Education				
School Breakfast Program	10.553	4553	\$ -	\$ 3,311,024
National School Lunch Program	10.555	4555		5,560,130
Summer Food Service Program for Children	10.559	4559		100,010
Passed Through Colorado Department of Human Services				
National School Lunch Program	10.555	4555		679,048
<i>Total Child Nutrition Cluster</i>				9,650,212
Passed Through Colorado Department of Education				
Fresh Fruit and Vegetable Program	10.582	4582		246,091
Passed Through Colorado Department of Public Health and Environment				
Child and Adult Care Food Program	10.558	4558		146,057
Total U.S. Department of Agriculture				10,042,360
U.S. Department of Defense				
Direct Programs				
Reserve Officer Training Corps (ROTC)	12.Unknown	9001		253,253
Total Department of Defense				253,253
U.S. Department of Education				
Direct Programs				
Impact Aid	84.041	4041		12,888
Magnet Schools Assistance	84.165A	5165		755,893
Fund for the Improvement of Education	84.215	4215		275,508
				1,044,289
Passed Through Colorado Department of Education				
<i>Special Education Cluster</i>				
Special Education: Grants to States IDEA Part B	84.027	4027, 5027		3,214,115
Special Education: Preschool Grants	84.173	4173		73,794
<i>Total SPED Cluster</i>				3,287,909
No Child Left Behind, Title I, Part A	84.010	4010, 5010, 7010		6,421,671
Education for Homeless Children and Youth	84.196	5196		36,300
Title V-B Charter School Grant	84.282	5282	280,933	-
English Language Learners, Title III, Part A	84.365	4365, 7365		68,263
Quality Teacher, Title II, Part A	84.367	4367		992,563
Race to the Top	84.412	5412		14,428
Student Support and Academy Enrichment Program	84.424	4424		83,326
Passed through Colorado Community College System				
Vocational Education - Carl Perkins	84.048	4048		183,684
Total U.S. Department of Education				12,132,433
Total Federal Awards			\$ 280,933	\$ 22,428,046

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pueblo School District No. 60 under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pueblo School District No. 60, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pueblo School District No. 60.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2018, Pueblo School District No. 60 received \$679,048 in non-cash assistance in the form of food commodities. Commodities are valued at current market value at the time of receipt.



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

To the Board of Education
Pueblo School District No. 60

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Pueblo School District No. 60's basic financial statements, and have issued our report thereon dated December 20, 2018. Our report includes a reference to other auditors who audited the financial statements of discretely presented component units, as described in our report on Pueblo School District No. 60's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2018-001.

Compliance and Other Matters

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

Purpose of this Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
December 20, 2018



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

To the Board of Education
Pueblo School District No. 60

Report on Compliance for Each Major Federal Program

We have audited Pueblo School District No. 60's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pueblo School District No. 60's major federal programs for the year ended June 30, 2018. Pueblo School District No. 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Pueblo School District No. 60, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
December 20, 2018

**PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? x yes ___ none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 10.582	Fresh Fruit and Vegetable Program
CFDA 84.010	Title I, Part A
CFDA 84.027 and 84.173	Special Education Cluster
CFDA 84.367	Title II, Part A

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? x yes ___ no

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section II—Financial Statement Findings

2018-001 Segregation of Duties—Payroll

Criteria: Segregation of duties should be implemented between the payroll and human resources departments so appropriate segregation exists over initiating, authorizing and recording payroll transactions.

Condition: The payroll department has both read and write access to employee pay, jobs, and information screens within the ALIO and Navigator software.

Context: This finding was noted during procedures to test payroll control procedures.

Effect: A heightened risk of misstatement due to error or fraud exists under this condition.

Cause: The payroll department has both read and write access to employee pay, jobs, and information screens within the ALIO and Navigator software so that payroll personnel can make timely corrections within these systems during payroll runs.

Recommendation: We recommend that the payroll department no longer have write access to employee pay, jobs, and information screens within the ALIO and Navigator software. We further recommend that procedures be implemented to have human resources personnel make corrections to employee files identified by the payroll department during payroll runs.

Views of responsible officials and planned corrective action: Management agrees with this finding and will improve control procedures related to segregation of duties as staff availability allows.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



315 West 11th St, Pueblo, CO 81003

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Pueblo School District No. 60 Schedule of Findings and Questioned Costs for the year ended June 30, 2017. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2018 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2017-001	84.027, 84.173	Special Education Cluster	Activities Allowed – SPED funds	Corrected

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

HC
Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
Pueblo School District No. 60

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo School District No. 60, as of and for the year ended June 30, 2018, which collectively comprise Pueblo School District No. 60's basic financial statements, and our report thereon dated December 20, 2018, which expressed an unmodified opinion on those financial statement, appears as listed in the table of contents. Other auditors audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements.

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
December 20, 2018



Colorado Department of Education
Auditors Integrity Report
 District: 2690 - PUEBLO CITY 60
 Fiscal Year 2017-18
 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	14,286,810	119,187,472	119,284,753	14,189,530
18 Risk Mgmt Sub-Fund of General Fund	567,746	649,899	682,777	534,868
19 Colorado Preschool Program Fund	364,192	5,688,279	4,732,956	1,319,516
Sub- Total	15,218,749	125,525,651	124,700,486	16,043,914
11 Charter School Fund	3,528,569	13,357,486	13,712,423	3,173,631
20,26-29 Special Revenue Fund	85,819	49,081	20,201	114,699
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	4,835,909	10,269,380	9,326,102	5,779,187
22 Govt Designated-Purpose Grants Fund	0	15,607,855	15,607,855	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	9,164,186	8,128,869	7,925,531	9,367,524
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	10,593,084	6,882,114	10,059,290	7,415,908
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	43,426,315	179,820,436	181,351,888	41,894,863
Proprietary				
50 Other Enterprise Funds	-905,931	20,345	-132,854	-752,732
64 (63) Risk-Related Activity Fund	1,808,709	2,463	-306,703	2,117,875
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	902,779	22,807	-439,557	1,365,142
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	2,032,039	2,123,349	2,037,113	2,118,275
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	2,032,039	2,123,349	2,037,113	2,118,275

FINAL