

PUEBLO SCHOOL DISTRICT NO. 60

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pueblo School District No. 60

Report on the Audit of the Financial Statements

Opinions

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 the Pueblo School District No. 60, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Pueblo School District No. 60's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022 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.

We did not audit the financial statements of Chavez/Huerta K-12 Preparatory Academy, which represent 86.2 percent, 82.3 percent, and 58.5 percent, respectively, of the assets, net position, and revenues of the Chavez/Huerta K-12 Preparatory Academy as of June 30, 2022, and the respective changes in financial position, for the year then ended. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pueblo School District No. 60 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 16 to the financial statements, Pueblo School District No. 60 implemented GASB Statement No. 87, *Leases* and corrected previously reported capital asset balances effective July 1, 2021. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pueblo School District No. 60's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pueblo School District No. 60's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pueblo School District No. 60's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic financial statements. The 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 combining and individual fund financial statements and schedules 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 March 1, 2023 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 solely 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 the effectiveness of the Pueblo School District No. 60's 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
March 1, 2023

Pueblo School District No. 60

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the fiscal year ended June 30, 2022

Management of Pueblo School District No. 60 (the "District") offers readers of the District's annual financial report this narrative overview and analysis of the economic activities of the District for the fiscal year ending June 30, 2022. 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 implemented the required Government Accounting Standards Board,(GASB) No. 68 in 2015. As of June 30, 2022, the net pension liability decreased from \$242,541,993 to \$163,683,753, a net of \$78,858,240. Under GASB No. 68, the proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is included as a liability of the District.

The District's total combined net position increased by \$106,407,688 to \$(22,586,533) on June 30, 2022, which compares to \$(128,994,221) as of June 30, 2021. The most significant portion of the District's net position is its investment in capital assets of \$126,978,560 net of accumulated depreciation and related debt compared to \$96,120,885 the previous year, an increase of \$30,857,675.

During the year, the District had \$108,248,711 in expenses related to governmental activities, of which \$65,618,864 are offset by program-specific charges or grants and contributions.

The District decreased its outstanding long-term debt by \$11,376,006. The outstanding long-term debt includes \$272,049,407 in general obligation bonds and capital lease agreements. Additional long-term liabilities include accrued compensated absences of \$3,944,310, the net pension liability of \$163,683,753, and the net OPEB obligations of \$7,919,097.

Of the total \$227,462,725 ending fund balance in the governmental funds, \$4,510,000 is restricted for TABOR as required under Article X, Section 20 of the Colorado Constitution, \$19,142,706 is restricted for debt service, \$139,991,974 is for capital projects, \$896,807 is for multi-year obligations, and \$2,505,882 is restricted for preschool activities. The assigned portion of the fund balance is \$33,253,074 and includes funds related to Athletics, Risk Management, Capital Projects, School obligations, and Board of Education required contingencies. The committed portion of the fund balance is \$9,636,718, including funds related to food service operations, Pupil Activities, and Education Foundation activities. The non-spendable fund balance of \$2,340,896 is related to prepaid expenditures. The unassigned portion is \$15,184,668.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduce the basic financial statements of Pueblo School District No. 60. 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 besides 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 like a private-sector business.

The statement of net position presents information on all 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 helpful indicator of whether the District's financial position 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. These items include earned but unused vacation leave and accrued interest expense. However, the most significant 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 recorded in the Internal Service Funds. They are considered governmental activities in government-wide financial statements.

The government-wide financial statements include the District itself (the primary government) and two legally separate entities (charter schools) for which the District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Fund groups related accounts that control 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 two categories: governmental and proprietary funds.

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike 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 help evaluate the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements is helpful. 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 eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance for the General Fund, Designated Purpose Grant Fund, Bond Redemption Fund, and Building Fund, all 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 expenditures. 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 government-wide financial statements, meaning they use the accrual basis of accounting rather than modified accrual.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information essential for fully understanding the data provided in the government-wide and fund financial statements. This information is provided on pages 13- 53.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report 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 concerning 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 helpful indicator of the District's financial position over time. For the District's primary government, excluding its component units (charter schools), liabilities plus deferred inflows of resources exceed its assets plus deferred outflows by \$22,586,533, resulting in a net deficit position on June 30, 2022.

PUEBLO SCHOOL DISTRICT NO. 60 CONDENSED STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES

	6/30/2022	6/30/2021	CHANGE
CURRENT & OTHER ASSETS	\$279,056,992	\$353,765,950	\$(74,708,958)
CAPITAL ASSETS - NET OF DEPRECIATION	<u>253,628,039</u>	<u>150,083,575</u>	<u>103,544,464</u>
TOTAL ASSETS	<u>532,685,031</u>	<u>503,849,525</u>	<u>28,835,506</u>
DEFERRED OUTFLOWS			
DEFERRED ON REFUNDING	207,601	558,017	(350,416)
NET EFFECT OF ADDITIONAL PENSION-RELATED			
RELATED TO PENSION AND OPEB	<u>39,289,838</u>	<u>63,767,165</u>	<u>(24,477,327)</u>
TOTAL DEFERRED OUTFLOWS	<u>39,497,439</u>	<u>64,325,182</u>	<u>(24,827,743)</u>
LIABILITIES	46,979,004	33,755,834	13,223,170
LONG-TERM LIABILITIES	<u>453,454,155</u>	<u>543,934,625</u>	<u>(90,480,470)</u>
TOTAL LIABILITIES	<u>500,433,159</u>	<u>577,690,459</u>	<u>(77,257,300)</u>
DEFERRED INFLOWS PENSION AND OPEB	<u>94,335,844</u>	<u>119,478,469</u>	<u>(25,142,625)</u>
TOTAL DEFERRED INFLOWS	<u>94,335,844</u>	<u>119,478,469</u>	<u>(25,142,625)</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	126,978,560	96,120,885	30,857,675
RESTRICTED	27,055,395	25,428,763	1,626,632
UNRESTRICTED	<u>(176,620,488)</u>	<u>(250,543,869)</u>	<u>73,923,381</u>
NET POSITION	<u>\$(22,586,533)</u>	<u>\$(128,994,221)</u>	<u>\$106,407,688</u>

Cash and investments comprise 52.4% of total assets compared to 68.7% the prior year. 60.5% 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 comprise 47.6% of total assets compared to 29% the previous year, an increased net of depreciation of \$103,544,464.

Deferred inflows of resources exceeded deferred outflows by \$54,838,405, with 95.9% attributed to the net pension liability.

A key component of the District's net governmental position is the sizeable net pension liability of \$163,683,753. Before implementing Statement 68 from the Governmental Accounting Standards Board (GASB), the District was not required as a contributor to PERA to record its share of the net pension liability. Notes 1 and 8 to the basic financial statements outline the implementation of GASB No. 68.

A portion of the District's net position reflects its \$126,978,560 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 subject to external restrictions on their use. On June 30, 2022, the net position totaling \$27,055,395 was restricted with \$19,142,706 for debt service, \$2,505,882 for preschool activities, \$896,807 restricted for multi-year obligations, and \$4,510,000 restricted for the TABOR emergency contingency.

On June 30, 2022, the District reported a 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 the net position balance would have been positive.

CONDENSED STATEMENT OF ACTIVITIES			
GOVERNMENTAL ACTIVITIES			
	2022	2021	NET CHANGE
REVENUES			
CHARGES FOR SERVICES	\$9,395,797	\$ 5,779,620	\$3,616,177
OPERATING, CAPITAL GRANTS AND CONTRIBUTIONS	56,223,067	45,038,612	11,184,455
PROPERTY TAXES	53,812,095	49,075,014	4,737,081
SPECIFIC OWNERSHIP TAXES	4,969,708	4,636,960	332,748
STATE EQUALIZATION	87,696,026	82,816,244	4,879,782
OTHER	<u>2,559,706</u>	<u>3,406,985</u>	<u>(847,279)</u>
TOTAL REVENUES	<u>214,656,399</u>	<u>190,753,435</u>	<u>23,902,964</u>
EXPENDITURES			
INSTRUCTION	38,734,346	35,055,394	3,678,952
SUPPORTING SERVICES	46,042,370	38,472,148	7,570,222
COMMUNITY SERVICES	370,549	135,850	234,699
CAPITAL PROJECTS	5,686,324	8,620,282	(2,933,958)
NUTRITION SERVICE	9,738,705	6,749,497	2,989,208
INTEREST & OTHER CHARGES	<u>7,676,417</u>	<u>8,310,744</u>	<u>(634,327)</u>
TOTAL EXPENDITURES	<u>108,248,711</u>	<u>97,343,915</u>	<u>10,904,796</u>
CHANGE IN NET POSITION	<u>106,407,688</u>	<u>93,409,520</u>	<u>12,998,168</u>
NET POSITION – BEGINNING, AS RESTATED	(128,994,221)	(228,049,513)	99,055,292
NET POSITION - ENDING	<u>\$ (22,586,533)</u>	<u>\$ (134,639,993)</u>	<u>\$ 112,053,460</u>

Overall revenues for the District increased in fiscal 2022 by \$23,902,964. This increase was partly due to Per Pupil Revenue (PPR) increasing from the School Finance Act. District and state taxpayers funded most District governmental activities. For the fiscal year 2022, this portion of governmental activities funding included \$53,812,095 in property taxes, \$4,969,708 in specific ownership tax, and \$87,696,026 of unrestricted state equalization based on the statewide total program education funding formula, \$547,757 in investment income, \$1,132,211 in non-restricted grants and contributions, \$113,124 in gain on sale of capital assets, and miscellaneous revenues of \$766,614. Some users of the District's governmental programs paid \$9,395,797 for services provided. The federal and state governments subsidized specific programs with capital/operating grants and contributions totaling \$56,223,067.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

Governmental Funds: The Districts' governmental funds focus on 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 \$143,065,200 in fiscal year 2021-22, a decrease of \$13,618,993 from fiscal year 2020-21. 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				
	2022	2021	INCREASE/ (DECREASE)	PERCENT CHANGE
SCHOOL FINANCE FUNDING				
PROPERTY & OTHER TAXES	\$ 32,969,161	\$ 30,002,255	\$ 2,966,906	9.8%
SPECIFIC OWNERSHIP TAXES	3,052,353	2,784,855	267,498	9.6%
STATE EQUALIZATION	<u>93,858,791</u>	<u>87,339,097</u>	<u>6,519,694</u>	7.4%
SCHOOL FINANCE TOTAL	<u>129,880,305</u>	<u>120,126,207</u>	<u>9,754,098</u>	8.1%
OTHER LOCAL SOURCES	4,235,705	2,667,250	1,568,455	58.8%
OTHER STATE SOURCES	8,636,416	6,352,818	2,283,598	35.9%
FEDERAL OTHER	<u>312,774</u>	<u>299,932</u>	<u>12,842</u>	4.2%
TOTAL SCHOOL FINANCE FUNDING AND OTHER REVENUES	<u>\$ 143,065,200</u>	<u>\$ 129,446,207</u>	<u>\$ 13,618,993</u>	10.0%

Property Taxes: Net property tax collections increased by \$2,966,906. An increase indicates an increase in the assessed values of property located in the District's boundaries and 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 \$267,498.

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 comprised 65% of general fund revenues in 2021-22 compared to 67% in 2020-21. For 2021-22 state equalization revenue provided 72.0% of "total program revenue," while local taxpayer revenue provided 28.0%.

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 \$1,568,455 increase in local revenue is mainly related to the increase in E-Rate revenues and increase in external printing revenues due to COVID-19.

Other State Sources: This revenue increased by \$2,283,598 in 2022 from a decrease of \$2,234,788 the previous year. This total includes categorical revenue from the state (i.e., Additional at Risk and ECEA funding). Increases from the previous year were primarily due to a rise in state grant revenues and an increase in the District's recognition of its proportionate share of the State of Colorado contribution to the District's pension plan.

Federal Sources: The primary sources of federal revenue in the general fund are Reserve Officer Training Corp (ROTC) reimbursements, Impact Aid revenue, and Charter School start-up grants. The increase in federal income of \$12,842 is attributed to a decrease in Impact Aid of \$3,367 and an increase of \$16,209 in JROTC.

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

	2022	2021	INCREASE/ (DECREASE)	PERCENT CHANGE
INSTRUCTION	\$ 75,125,956	\$ 64,672,642	\$ 10,453,314	16%
STUDENT SUPPORT	9,623,440	8,713,337	910,103	10%
INSTRUCTIONAL STAFF SUPPORT	4,921,157	4,040,810	880,347	21%
GENERAL ADMINISTRATION	1,659,804	1,429,343	230,461	16%
SCHOOL ADMINISTRATION	9,595,457	9,196,221	399,236	4.0%
BUSINESS SERVICES	2,206,376	1,931,795	274,581	14%
OPERATIONS & MAINTENANCE	17,180,494	16,109,400	1,071,094	6.0%
STUDENT TRANSPORTATION	2,574,732	2,347,494	227,238	9.0%
CENTRAL SUPPORT SERVICES	7,119,111	5,772,414	1,346,697	23%
OTHER SUPPORT SERVICES	1,766,066	1,581,508	184,558	11%
DEBT SERVICE	604,330	578,924	25,406	4.0%
FACILITY ACQUISITION & CONSTRUCTION	<u>416,375</u>	<u>423,133</u>	<u>(6,758)</u>	-1.0%
GRAND TOTAL EXPENDITURES	<u>\$ 132,793,298</u>	<u>\$ 116,797,021</u>	<u>\$ 15,996,277</u>	13%

Instruction: Instruction costs for the fiscal year 2021-22 increased by \$10,453,314 or 16%, compared to the prior year. The expenses were primarily a response to the District's increase in overall costs due to COVID-19 and an increase in salaries and benefits.

Student Support Services: Student support services (guidance, counselors, health/nurses, psychologists, social workers, audiologists, student intervention, physical and occupational therapists) expenditures increased by 10%, up \$910,103 from the previous year. The increases were in salaries and benefits.

Instructional Staff Support: Instructional staff support service expenditures had a 21% increase, up \$880,347 from the prior year. The increases were in salaries, benefits, and purchased services.

General Administration: General administration expenditures increased \$230,461. The increases were in salaries and benefits.

School Administration: School administration costs increased by \$399,236 or 4.0%. The increases were in salaries, benefits, and supplies.

Business Services: Business services expenditures increased 14%, up \$274,581 from the prior year. The increases were in salaries, benefits and supplies.

Maintenance and Operations: Facilities operations and maintenance increased by \$1,071,094. Due in part to increased salary and benefits increases based on negotiated contracts.

Transportation Services: Transportation costs increased by \$227,238 or 9.0% over the prior year.

Central Services: Central services comprise Human Resources, Technology, and Workman's Compensation costs. Spending in this category increased \$1,346,697.

OTHER MAJOR FUNDS

Building Fund: The Building Fund was created to acquire capital assets, buildings, and equipment. Revenues in the Building Fund totaled \$2,069,364 during the year. Expenditures totaled \$98,062,198 during the year. The fund balance on June 30, 2022, is \$139,991,974.

Governmental Designated Purpose Grant Fund: The designated purpose grant fund maintains separate accounts for each federal, state, and local grant-funded program. Grant funds are awarded for specific use as defined in the grant application. The funds are used for the purposes they were granted, primarily to improve student achievement. Grant revenues in FY 2021-22 were \$28,780,650, a decrease of \$779,439 from the prior year. The reduction can be attributed to several changes in funding during FY 2021-22, mainly due to Federal Elementary and Secondary School Emergency Relief (ESSER) legislation.

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 the fund is reported as part of this report's other supplementary information section.

Education Foundation Fund: The Education Foundation Fund accounts for private gifts and donations to support the District's and its students' instructional functions through scholarships. Donations, gifts, and miscellaneous revenue totaled \$76,007 for 2021-22 compared to \$88,855 for 2020-21, a decrease of \$12,848.

Pupil Activity Fund: The Fund accounts for revenues and expenditures related to school-sponsored student interscholastic and interscholastic athletic and other related activities.

Bond Redemption Fund: Property tax collections in the Bond Fund totaled \$19,498,739 in 2021-22 compared to \$19,974,221 for 2020-21. Expenditures totaled \$17,998,515 in 2021-22 compared to \$19,37,323 in the prior year. The fund balance on June 30, 2022, is \$19,142,706 compared to \$17,642,323 in 2020-21. The fund balance is reserved for future debt payments (principal and interest) associated with the 2009 and 2020 refunding bonds.

Capital Projects Fund: The Capital Projects Fund accounts for significant capital expenditures. Revenues in the Capital Projects Fund totaled \$12,028,146, which included \$9,800,000 of transfers, compared to \$9,483,570 in the prior year. Expenditures totaled \$6,474,890 compared to \$2,279,708 for the previous year. The Fund balance on June 30, 2022, is \$23,100,444 compared to \$17,547,188 in 2020-21.

Food Service Fund: As of July 1, 2015, the Food Service Fund was reclassified as a Special Revenue Fund from an Enterprise Fund. Enterprise Funds are used to account for financed and operated operations like 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. During the fiscal year 2021-22, local revenues totaled \$249,895 compared to \$260,062 the prior year. The adoption impacts local revenues by the District of the Community Eligibility Provision (CEP). The CEP is a meal service option for school districts in low-income areas. The CEP allows the District to serve breakfast and lunch at no cost to all enrolled students. 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 \$10,165,113 for 2021-22 compared to \$7,167,762 for the previous year, partly by changes in the Free and Reduced and at-risk populations. The net position of the Food Service Fund totaled \$7,263,584 as of June 30, 2022, compared to \$6,837,106 the prior year. Modifications to the reimbursement rates due to the COVID-19 pandemic, loss of in-class instruction days, and remote feeding activities all positively impacted the net position.

PROPRIETARY FUNDS

The District's proprietary funds provide the same 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 fund.

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.

Risk Management Fund: This internal service fund accounts for the District's self-insured programs and risk management functions. The risk management fund provides the ability to analyze risk programs by 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 primary 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 above 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 \$1,591,648, and expenses totaled \$1,331,103 in 2021-22 compared to \$1,757,226 and expenses totaling \$1,427,134 in 2020-21, respectively. Net position on June 30, 2022, totaled \$3,311,556 compared to \$3,051,000 at the beginning of the year, an increase of \$260,556.

MAJOR FUND BUDGETARY HIGHLIGHTS

The budget for the fiscal year 2021-22 was adopted by the Board of Education on June 2021 and amended in January 2022 with total appropriations of \$583,152,338 made up of the following:

- \$162,438,871 for the general fund
- \$388,879 for the education foundation fund
- \$103,492,437 for the governmental designated purpose grants fund
- \$30,347,151 for the capital projects fund
- \$36,826,894 for the bond redemption fund
- \$16,531,698 for the nutrition services fund
- \$1,774,000 for the risk management fund
- \$3,178,841 for the pupil activity fund
- \$228,173,567 for the building fund

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: The District's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$253,628,039 (net of accumulated depreciation). Capital assets include land, buildings, improvements, machinery, vehicles and equipment, and construction in progress. The reader should refer to Note 5 of the Notes to the Financial Statements for further information relative to capital assets.

Long-term Debt: On June 30, 2022, the District had total long-term debt outstanding of \$275,993,717, of which \$9,200,297 is due during the next twelve months. Long-term debt includes general obligation bonds and obligations on capital leases. The reader should refer to Note 8 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 K-12 Preparatory Academy 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).

After rescission, the District received \$9,129.10 per pupil finding for 2021-22 compared to \$8,278.67 for 2020-21, an increase of \$850.43 per pupil.

Pueblo School District No. 60 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 the student population will adversely affect the future financial condition of the District.

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, 2022

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and investments	\$ 101,544,302	\$ 3,605,195
Restricted cash and investments	155,299,592	14,285,593
Cash with fiscal agents	8,601,055	-
Taxes receivable	3,384,712	-
Intergovernmental receivables	7,082,605	2,472,954
Other receivables	803,830	-
Inventories and prepaid items	2,340,896	-
Deposits	-	7,500
Capital assets, not being depreciated	133,696,359	22,856,682
Capital assets, net of accumulated depreciation	119,931,680	11,574,943
Total assets	<u>532,685,031</u>	<u>54,802,867</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	207,601	-
Deferred pension outflows	38,652,678	5,890,786
Deferred OPEB outflows	637,160	409,287
Total deferred outflows of resources	<u>39,497,439</u>	<u>6,300,073</u>
LIABILITIES		
Accounts payable and other current liabilities	23,061,595	2,169,992
Accrued salaries and benefits	15,024,412	752,420
Compensated absences	214,812	-
Intergovernmental payable	-	261,352
Unearned revenue	8,271,003	687,614
Accrued interest	407,182	1,930,347
Long-term liabilities:		
Due within one year	8,985,485	394,568
Due in more than one year	266,793,420	46,934,319
Net pension liability	163,683,753	17,624,641
Net OPEB liability	13,991,497	852,679
Total liabilities	<u>500,433,159</u>	<u>71,607,932</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	90,427,814	6,635,394
Deferred OPEB inflows	3,908,030	323,163
Total deferred inflows of resources	<u>94,335,844</u>	<u>6,958,557</u>
NET POSITION		
Net investment in capital assets	126,978,560	2,699,455
Restricted for:		
Emergency reserve (TABOR)	4,510,000	617,000
Debt service	19,142,706	12,239,248
Other purposes	3,402,689	32,925
Unrestricted	(176,620,488)	(33,052,177)
Total net position	<u>\$ (22,586,533)</u>	<u>\$ (17,463,549)</u>

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, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government						
Governmental activities						
Instruction	\$ 38,734,346	\$ 7,285,099	\$ 34,809,816	\$ 416,375	\$ 3,776,944	\$ -
Supporting services	46,042,370	2,076,217	1,410,509	-	(42,555,644)	
Food service operations	9,738,705	34,481	10,184,930	-	480,706	
Community services	370,549	-	-	-	(370,549)	
Facilities acquisition	5,686,324	-	-	9,401,437	3,715,113	
Interest and fiscal charges	7,676,417	-	-	-	(7,676,417)	
Total primary government	<u>\$ 108,248,711</u>	<u>\$ 9,395,797</u>	<u>\$ 46,405,255</u>	<u>\$ 9,817,812</u>	<u>(42,629,847)</u>	
Component units						
Charter schools	<u>\$ 23,627,376</u>	<u>\$ 153,226</u>	<u>\$ 4,557,508</u>	<u>\$ 416,374</u>		<u>(18,500,268)</u>
General revenues:						
Property taxes					53,812,095	-
Specific ownership taxes					4,969,708	-
State equalization					87,696,026	-
Per pupil revenue					-	18,509,071
Grants and contributions not restricted to specific programs					1,132,211	900,034
Unrestricted investment earnings					547,757	4,128
Gain on sale of capital assets					113,124	-
Miscellaneous					766,614	394,479
Total general revenues					<u>149,037,535</u>	<u>19,807,712</u>
Change in net position					106,407,688	1,307,444
Net position - beginning, as restated (deficit)					<u>(128,994,221)</u>	<u>(18,770,993)</u>
Net position - ending (deficit)					<u>\$ (22,586,533)</u>	<u>\$ (17,463,549)</u>

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

PUEBLO SCHOOL DISTRICT NO. 60
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Governmental Designated- Purpose Grants Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 81,532,621	\$ -	\$ -	\$ 20,007,057	\$ 101,539,678
Restricted cash and investments	-	-	136,641,272	18,658,320	155,299,592
Cash with fiscal agents	-	-	8,551,055	-	8,551,055
Taxes receivable	2,135,318	-	-	1,249,394	3,384,712
Intergovernmental receivables	8,744	5,876,027	-	1,197,834	7,082,605
Other receivables	518,903	-	152,231	40,610	711,744
Due from internal balances	6,129,638	6,329,830	12,698,263	13,045,080	38,202,811
Inventories and prepaid items	2,340,896	-	-	-	2,340,896
Total assets	<u>\$ 92,666,120</u>	<u>\$ 12,205,857</u>	<u>\$ 158,042,821</u>	<u>\$ 54,198,295</u>	<u>\$ 317,113,093</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 1,889,775	\$ 1,435,409	\$ 18,050,773	\$ 1,139,941	\$ 22,515,898
Accrued salaries and benefits	12,806,091	2,218,321	-	-	15,024,412
Compensated absences	214,812	-	-	-	214,812
Due to interfunds	41,088,561	511,555	74	313,164	41,913,354
Unearned revenue	-	8,040,572	-	230,431	8,271,003
Total liabilities	<u>55,999,239</u>	<u>12,205,857</u>	<u>18,050,847</u>	<u>1,683,536</u>	<u>87,939,479</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>1,075,998</u>	<u>-</u>	<u>-</u>	<u>634,891</u>	<u>1,710,889</u>
Total deferred inflows of resources	<u>1,075,998</u>	<u>-</u>	<u>-</u>	<u>634,891</u>	<u>1,710,889</u>
FUND BALANCES					
Nonspendable for:					
Inventories and prepaid items	2,340,896	-	-	-	2,340,896
Restricted for:					
Emergency reserve (TABOR)	4,510,000	-	-	-	4,510,000
Debt service	-	-	-	19,142,706	19,142,706
Capital projects	-	-	139,991,974	-	139,991,974
Multi-year obligations	896,807	-	-	-	896,807
Preschool	2,505,882	-	-	-	2,505,882
Committed for:					
Food service operations	-	-	-	7,263,584	7,263,584
Pupil Activities	-	-	-	2,143,681	2,143,681
Foundation activities	-	-	-	229,453	229,453
Assigned for:					
Risk management	1,445,981	-	-	-	1,445,981
Capital projects	-	-	-	23,100,444	23,100,444
Athletics	592,245	-	-	-	592,245
Contingencies	7,400,363	-	-	-	7,400,363
School carryover	714,041	-	-	-	714,041
Unassigned	<u>15,184,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,184,668</u>
Total fund balances	<u>35,590,883</u>	<u>-</u>	<u>139,991,974</u>	<u>51,879,868</u>	<u>227,462,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 92,666,120</u>	<u>\$ 12,205,857</u>	<u>\$ 158,042,821</u>	<u>\$ 54,198,295</u>	<u>\$ 317,113,093</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, 2022

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

Total fund balance - governmental funds		\$ 227,462,725
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$ 133,696,359	
Capital assets, net of depreciation	<u>119,931,680</u>	253,628,039
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		1,710,889
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.		3,311,556
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	\$ 207,601	
Net pension liabilities	(163,683,753)	
Pension outflows	38,652,678	
Pension inflows	(90,427,814)	
Net OPEB liabilities	(13,991,497)	
OPEB outflows	637,160	
OPEB inflows	(3,908,030)	
Accrued interest	(407,182)	
Compensated absences	(3,729,498)	
Leases payable	(6,916,050)	
Bonds payable	<u>(265,133,357)</u>	<u>(508,699,742)</u>
Net position of governmental activities in the statement of net position		<u><u>\$ (22,586,533)</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, 2022

	General Fund	Governmental Designated- Purpose Grants Fund	Building Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 40,257,219	\$ 141,815	\$ 2,069,364	\$ 23,502,729	\$ 65,971,127
State sources	102,495,207	3,590,465	-	87,834	106,173,506
Federal sources	312,774	25,048,370	-	10,094,944	35,456,088
Total revenues	143,065,200	28,780,650	2,069,364	33,685,507	207,600,721
EXPENDITURES					
Instruction	75,125,956	13,622,510	-	682,379	89,430,845
Supporting services	56,646,637	14,338,897	211,269	5,274,547	76,471,350
Food service operations	-	-	-	9,988,530	9,988,530
Community services	-	370,549	-	-	370,549
Facilities acquisition and construction	416,375	448,694	97,736,424	1,893,675	100,495,168
Debt service	604,330	-	114,505	17,998,515	18,717,350
Total expenditures	132,793,298	28,780,650	98,062,198	35,837,646	295,473,792
Excess (deficiency) of revenues over expenditures	10,271,902	-	(95,992,834)	(2,152,139)	(87,873,071)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	9,800,000	9,800,000
Transfers out	(9,800,000)	-	-	-	(9,800,000)
Other sources	-	-	(1,715,346)	-	(1,715,346)
Total other financing sources (uses)	(9,800,000)	-	(1,715,346)	9,800,000	(1,715,346)
Net change in fund balances	471,902	-	(97,708,180)	7,647,861	(89,588,417)
Fund balances - beginning	35,118,981	-	237,700,154	44,232,007	317,051,142
Fund balances - ending	<u>\$ 35,590,883</u>	<u>\$ -</u>	<u>\$ 139,991,974</u>	<u>\$ 51,879,868</u>	<u>\$ 227,462,725</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, 2022

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

Net change in fund balances - total governmental funds:	\$ (89,588,417)
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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.

Capital outlays	\$ 107,361,227	
Depreciation/amortization	<u>(5,327,667)</u>	102,033,560

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.	(545,150)
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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.	1,380,391
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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.	260,556
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Interest expense is reported when incurred in the statement of activities but is not reported in the funds until paid.	15,343
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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.

Repayment of principal	8,563,539	
Amortization of deferred on refunding	(350,416)	
Accretion of bond premium	<u>2,812,467</u>	11,025,590

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.	1,560,545
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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.	(156,899)
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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	\$ 79,125,067	
OPEB expenses	<u>1,297,102</u>	<u>80,422,169</u>

Change in net position of governmental activities	<u><u>\$ 106,407,688</u></u>
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The accompanying notes are an integral part of these financial statements.

PUEBLO SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 4,624
Cash with fiscal agents	50,000
Receivables	92,086
Due from other funds	<u>3,729,990</u>
 Total assets	 <u>\$ 3,876,700</u>
LIABILITIES	
Current liabilities	
Accounts Payable	\$ 12,321
Due to other funds	19,446
Claims and judgments	<u>533,377</u>
 Total liabilities	 <u>565,144</u>
NET POSITION	
Unrestricted	<u><u>\$ 3,311,556</u></u>

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, 2022

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	<u>\$ 1,591,648</u>
OPERATING EXPENSES	
Insurance claims and expenses	<u>1,331,103</u>
Operating income (loss)	260,545
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	<u>11</u>
Change in net position	260,556
Net position - beginning	<u>3,051,000</u>
Net position - ending	<u><u>\$ 3,311,556</u></u>

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, 2022

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 1,558,622
Cash payments to suppliers	<u>(1,436,574)</u>
Net cash provided (used) by operating activities	<u>122,048</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from (to) other funds	<u>(122,048)</u>
Net cash provided (used) by non-capital financing activities	<u>(122,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>11</u>
Net increase (decrease) in cash and cash equivalents	11
Cash and cash equivalents - beginning	<u>54,613</u>
Cash and cash equivalents - ending	<u><u>\$ 54,624</u></u>

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, 2022

	<u>Governmental Activities Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 260,545</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(33,026)
Increase (decrease) in:	
Accounts payable	1,932
Claims payable	<u>(107,403)</u>
Total adjustments	<u>(138,497)</u>
Net cash provided (used) by operating activities	<u><u>\$ 122,048</u></u>

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

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	PSAS	CHAVEZ/ HUERTA	TOTAL
ASSETS			
Cash and investments	\$ 3,247,805	\$ 357,390	\$ 3,605,195
Restricted cash	-	14,285,593	14,285,593
Intergovernmental receivables	979,359	1,493,595	2,472,954
Deposits	7,500	-	7,500
Capital assets, not being depreciated	909,551	21,947,131	22,856,682
Capital assets, net of accumulated depreciation	2,441,411	9,133,532	11,574,943
Total assets	7,585,626	47,217,241	54,802,867
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	2,451,826	3,438,960	5,890,786
Deferred OPEB outflows	145,163	264,124	409,287
Total deferred outflows of resources	2,596,989	3,703,084	6,300,073
LIABILITIES			
Accounts payable and accrued liabilities	109,658	2,060,334	2,169,992
Accrued salaries and benefits	339,471	412,949	752,420
Intergovernmental payable	156,612	104,740	261,352
Accrued interest	12,830	1,917,517	1,930,347
Unearned revenue	14,486	673,128	687,614
Long-term liabilities			
Due within one year	284,568	110,000	394,568
Due in more than one year	2,389,722	44,544,597	46,934,319
Net pension liability	6,914,849	10,709,792	17,624,641
Net OPEB liability	334,542	518,137	852,679
Total liabilities	10,556,738	61,051,194	71,607,932
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	2,599,777	4,035,617	6,635,394
Deferred OPEB inflows	118,179	204,984	323,163
Total deferred outflows of resources	2,717,956	4,240,601	6,958,557
NET POSITION			
Net investment in capital assets	1,877,796	821,659	2,699,455
Restricted for:			
Emergency reserve (TABOR)	250,000	367,000	617,000
Debt service	-	12,239,248	12,239,248
Capital Construction	32,925	-	32,925
Unrestricted	(5,252,800)	(27,799,377)	(33,052,177)
Total net position	\$ (3,092,079)	\$ (14,371,470)	\$ (17,463,549)

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

PUEBLO SCHOOL DISTRICT NO. 60
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>PSAS</u>	<u>CHAVEZ/ HUERTA</u>	<u>TOTAL</u>
REVENUES			
Per pupil revenue	\$ 7,175,480	\$ 11,333,591	\$ 18,509,071
Charges for services	31,471	121,755	153,226
Operating grants and contributions	2,372,247	2,185,261	4,557,508
Capital grants and contributions	116,263	300,111	416,374
Unrestricted grants and contributions	636,728	263,306	900,034
Unrestricted investment earnings	1,474	2,654	4,128
Miscellaneous	12,547	381,932	394,479
	<u>10,346,210</u>	<u>14,588,610</u>	<u>24,934,820</u>
EXPENSES			
Instruction	3,932,183	4,022,667	7,954,850
Supporting services	3,455,957	10,521,798	13,977,755
Facilities acquisition and construction	187,000	-	187,000
Interest	20,846	1,486,925	1,507,771
	<u>7,595,986</u>	<u>16,031,390</u>	<u>23,627,376</u>
Change in net position	2,750,224	(1,442,780)	1,307,444
Net position - beginning (deficit)	<u>(5,842,303)</u>	<u>(12,928,690)</u>	<u>(18,770,993)</u>
Net position - ending (deficit)	<u><u>\$ (3,092,079)</u></u>	<u><u>\$ (14,371,470)</u></u>	<u><u>\$ (17,463,549)</u></u>

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, 2022

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. REPORTING ENTITY

The District was established in 1946 with the consolidation of Pueblo School District 1 and Pueblo School District 20 and is organized under the Constitution of the State of Colorado. 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 Board of Education maintains oversight for the District's thirty instructional facilities and support departments to provide services to meet the needs of approximately 16,000 students and other community members.

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the District.

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 (PSAS) and Chavez Huerta K-12 Preparatory Academy (Chavez Huerta). The charter schools were formed in accordance with state statute as District charter schools. 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. In addition, the nature and significance of the charter schools' relationship with the District is such that exclusion would cause the District's financial statements to be incomplete.

Separately issued financial statements for the charter schools may be obtained by writing to the following:

Pueblo School for Arts and Sciences
2415 Jones Avenue
Pueblo, Colorado 81004

Chavez Huerta K-12 Preparatory Academy
2727 W. 18th Street
Pueblo, Colorado 81003

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

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. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

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 proprietary 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. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

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

The District reports the following major governmental funds:

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

The *Building Fund* is used to account for all resources available for acquiring capital sites, buildings, and equipment.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

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

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt.

Capital Project Funds account for the proceeds, construction and acquisition of capital assets.

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 management activities of the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service fund are charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of sales, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 and proprietary fund 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 flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

*D. 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. 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

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

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized 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

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

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.

Leases

Lessee: The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type 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.

Pensions

Pueblo School District No. 60 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan 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 (FNP) and additions to/deductions from the FNP 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefit (OPEB) Plan

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 (FNP) and additions to/deductions from the FNP 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.

Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution 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.

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The 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, 2022 is 27.462 mills for general operating expenses and 16.180 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2022 is \$1,267,729,208. Taxes are assessed on \$1,204,841,694 which is the assessed valuation net of tax increment financing.

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 and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

A liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignation or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. 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.

G. UPCOMING ACCOUNTING AND REPORTING CHANGES

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based informational technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset and a corresponding liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

Management has not yet determined the effect this statement will have on the District's financial statements.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2022 is as follows:

Deposits	\$ 66,074
Investments	<u>256,777,820</u>
Total	<u>\$256,843,894</u>

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

Cash and investments	\$ 101,544,302
Restricted cash and investments	<u>155,299,592</u>
Total	<u>\$ 256,843,894</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

Custodial Credit Risk—deposits: 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 District's deposits at June 30, 2022 was \$66,074 and the bank balances were \$69,306. All of the bank balances were covered by federal deposit insurance.

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, 2022 the District's investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
ColoTrust	\$ 137,457,229	Net asset value	Less than 90 days	AAAm
Money Market	60,118,668	Amortized cost	Less than 90 days	AAA
Commercial Paper	8,175,357	Amortized cost	Up to one year	A-1
CD's	10,999,291	Fair value	Up to five years	A-1
US Treasuries	21,371,395	Fair value	Up to five years	AA+
US Agencies	6,170,780	Fair value	Up to five years	AA+
US Corporate	<u>12,485,100</u>	Fair value	Up to five years	A+ to AA+
	<u>\$ 256,777,820</u>			

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District's investments are in ColoTrust and Money Market Funds. These investments are 54.0% and 24.0%, respectively, of the District's total investments.

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, 2022 total \$18,658,320 and are included with the ColoTrust investments above.

Fair value of investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

All of the District's investments that are measured at fair market value are categorized as Level 2 investments. District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – 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 as of June 30, 2022, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 6,129,638	\$ 41,088,561
Governmental Designated Purpose Grants Fund	6,329,829	511,555
Building Fund	12,698,263	74
Nonmajor Funds	13,045,080	313,164
Risk Management Fund	<u>3,729,990</u>	<u>19,446</u>
Total	<u>\$ 41,932,800</u>	<u>\$ 41,932,800</u>

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 9,800,000
Capital Projects Fund	<u>9,800,000</u>	<u>-</u>
Total	<u>\$ 9,800,000</u>	<u>\$ 9,800,000</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, 2022

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance, <u>As Restated</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 1,837,103	\$ -	\$ -	\$ 1,837,103
Construction in progress	<u>28,617,555</u>	<u>104,210,281</u>	<u>(968,580)</u>	<u>131,859,256</u>
Total capital assets not being depreciated	<u>30,454,658</u>	<u>104,210,281</u>	<u>(968,580)</u>	<u>133,696,359</u>
Capital assets being depreciated:				
Land improvements	18,805,094	385,676	-	19,190,770
Buildings and improvements	159,687,312	1,452,113	(402,468)	160,736,957
Equipment	<u>23,061,062</u>	<u>2,281,736</u>	<u>(2,346,618)</u>	<u>22,996,180</u>
Total capital assets being depreciated	<u>201,553,468</u>	<u>4,119,525</u>	<u>(2,749,086)</u>	<u>202,923,907</u>
Less accumulated depreciation for:				
Land improvements	(13,074,314)	(539,549)	-	(13,613,863)
Buildings and improvements	(59,899,959)	(2,920,652)	136,634	(62,683,977)
Equipment	<u>(16,235,405)</u>	<u>(1,167,091)</u>	<u>2,067,302</u>	<u>(15,335,194)</u>
Total accumulated depreciation	<u>(89,209,678)</u>	<u>(4,627,292)</u>	<u>2,203,936</u>	<u>(91,633,034)</u>
Total capital assets being depreciated, net	<u>112,343,790</u>	<u>(507,767)</u>	<u>(545,150)</u>	<u>111,290,873</u>
Lease assets being amortized:				
Buildings and improvements	8,676,885	-	-	8,676,885
Equipment	<u>2,056,053</u>	<u>-</u>	<u>-</u>	<u>2,056,053</u>
Total lease assets being amortized	<u>10,732,938</u>	<u>-</u>	<u>-</u>	<u>10,732,938</u>
Less accumulated amortization for:				
Buildings and improvements	(1,391,758)	(347,939)	-	(1,739,697)
Equipment	<u>-</u>	<u>(352,434)</u>	<u>-</u>	<u>(352,434)</u>
Total accumulated amortization	<u>(1,391,758)</u>	<u>(700,373)</u>	<u>-</u>	<u>(2,092,131)</u>
Total lease assets being amortized, net	<u>9,341,180</u>	<u>(700,373)</u>	<u>-</u>	<u>8,640,807</u>
Capital assets, net of accumulated depreciation/amortization	<u>121,684,970</u>	<u>(1,208,140)</u>	<u>(545,150)</u>	<u>119,931,680</u>
Total governmental activities capital assets	<u>\$ 152,139,628</u>	<u>\$ 103,002,141</u>	<u>\$ (1,513,730)</u>	<u>\$ 253,628,039</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 1,158,732
Supporting services	<u>4,168,933</u>
Total depreciation/amortization expense	<u>\$ 5,327,665</u>

NOTE 6 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements involving educational facilities and equipment with lease terms ranging from one to eight years. The total costs of these right-to-use lease assets are recorded as \$10,732,938, less accumulated amortization of \$2,092,131. The District has determined that as of June 30, 2022, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2022 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 822,954	\$ 210,983	\$ 1,033,937
2024	824,527	181,937	1,006,464
2025	862,188	153,771	1,015,959
2026	906,115	124,735	1,030,850
2027	837,118	94,570	931,688
2028 –2030	<u>2,663,148</u>	<u>121,553</u>	<u>2,784,701</u>
Total	<u>\$ 6,916,050</u>	<u>\$ 887,549</u>	<u>\$ 7,803,599</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2022 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
G.O. Refunding bonds 2009	\$ 63,340,000	2.00% - 5.00%	2022	\$ 7,730,000
G.O. Bonds 2020	207,610,000	3.00% - 5.00%	2039	205,755,000
G.O. Bonds 2021	10,640,000	2.351%	2040	<u>10,211,975</u>
Total				<u>\$ 223,696,975</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>
2023	\$ 8,162,530	\$ 9,816,999
2024	8,517,698	9,414,486
2025	8,928,106	8,990,205
2026	9,363,758	8,545,053
2027	9,819,661	8,077,897
2028 – 2032	56,756,034	32,534,857
2033 – 2037	71,759,728	17,456,616
2038 – 2039	<u>50,389,460</u>	<u>3,618,585</u>
Total	<u>\$ 223,696,975</u>	<u>\$ 98,454,698</u>

Legal Debt Margin

Assessed valuation	<u>\$9,591,838,263</u>
Debt limit – 6% of assessed valuation	575,510,296
General obligation debt	<u>(223,696,975)</u>
	<u>\$ 351,813,321</u>

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2022, are as follows:

	Beginning Balance, <u>As Restated</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance	Amount Due Within <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 231,490,000	\$ -	\$ (7,793,025)	\$ 223,696,975	\$ 8,162,530
Premiums	<u>44,248,849</u>	<u>-</u>	<u>(2,812,467)</u>	<u>41,436,382</u>	<u>-</u>
Total bonds payable	275,738,849	-	(10,605,492)	265,133,357	8,162,530
Leases	7,686,564	-	(770,514)	6,916,050	822,955
Compensated absences	3,900,654	4,403,855	(4,360,199)	3,944,310	214,812
Net pension liability	242,541,993	41,031,847	(119,890,087)	163,683,753	-
Net OPEB liability	<u>16,450,673</u>	<u>\$ 539,702</u>	<u>(2,998,878)</u>	<u>13,991,497</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 546,318,733</u>	<u>\$ 45,975,404</u>	<u>\$(138,625,170)</u>	<u>\$ 453,668,967</u>	<u>\$ 9,200,297</u>

General obligation bonds are liquidated in the debt service fund. Leases are liquidated in the general fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 8 – 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 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

In all cases the service retirement benefit is limited to 100% 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2022: Eligible employees of, Pueblo School District No. 60 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 Through June 30, 2022
Employer contribution rate	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.88%

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Pueblo School District No. 60 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Pueblo School District No. 60 were \$17,739,977 for the year ended June 30, 2022.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. 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 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2022, the Pueblo School District No. 60 reported a liability of \$163,683,753 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Pueblo School District No. 60 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Pueblo School District No. 60 were as follows:

Pueblo School District No. 60 proportionate share of the net pension liability	\$ 163,683,753
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Pueblo School District No. 60	18,764,252
Total	\$ 182,448,005

At December 31, 2021, the Pueblo School District No. 60 proportion was 1.4065360908%, which was a decrease of 0.1977916346% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Pueblo School District No. 60 recognized pension expense of \$(79,125,067) and revenue of \$(4,485,583) for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	\$ 6,266,470	\$ -
Changes of assumptions or other inputs	12,496,032	-
Net difference between projected and actual earnings on pension plan investments	-	61,540,202
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,902,653	28,887,612
Contributions subsequent to the measurement date	8,987,523	N/A
Total	\$ 38,652,678	\$ 90,427,814

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$8,987,523 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, 2023. 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:	
2023	\$ (10,868,009)
2024	(24,157,179)
2025	(18,267,808)
2026	(7,469,663)
2027	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. 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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include 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 reflect 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Pueblo School District No. 60 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one 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 pension liability	\$ 240,929,097	\$ 163,683,753	\$ 99,225,397

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) 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 health benefits program 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.

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 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% 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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 \$910,166 for the year ended June 30, 2022.

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

At June 30, 2022, the Pueblo School District No. 60 reported a liability of \$7,919,097 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. 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 the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Pueblo School District No. 60 proportion was 0.9183638492%, which was a decrease of 0.0095982924% from its proportion measured as of December 31, 2020.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

For the year ended June 30, 2022, the Pueblo School District No. 60 recognized OPEB expense of \$(1,297,102). At June 30, 2022, 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	\$ 12,067	\$ 1,877,714
Changes of assumptions or other inputs	163,955	429,565
Net difference between projected and actual earnings on OPEB plan investments	-	490,195
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,110,556
Contributions subsequent to the measurement date	461,138	N/A
Total	\$ 637,160	\$ 3,908,030

\$461,138 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, 2023. 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:	
2023	\$ (1,081,797)
2024	(1,088,834)
2025	(971,722)
2026	(478,729)
2027	(97,386)
Thereafter	(13,540)

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
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.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

All costs are subject to the health care cost trend rates, as discussed below.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, 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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- 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 2021 plan year.
- 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

Note: 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 nominal 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
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 7,691,683	\$ 7,919,097	\$ 8,182,539

Discount rate. The discount rate used to measure the TOL was 7.25%. 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, 2021, measurement date.
- 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 3.00%.
- 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Pueblo School District No. 60 proportionate share of the net 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%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 9,197,203	\$ 7,919,097	\$ 6,827,374

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 – 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.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Retired participants: 242

The plan is closed to new entrants.

Total OPEB Liability

The District's total OPEB liability of \$6,072,400 was measured as of June 30, 2022, and was determined by an actuarial valuation date of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 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	4.09% - based on the Bond Buyer 20-Bond General Obligation Index
Inflation	3.49%
Expenses	None

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/21	\$ 7,632,945
Changes for the year:	
Service cost	-
Interest cost	160,292
Benefit payments	(955,240)
Differences between expected and actual experience	481,932
Changes in benefit terms	-
Changes in assumptions	(1,247,529)
Net changes	(1,560,545)
Balance at 6/30/22	\$ 6,072,400

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 (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 6,551,512	\$ 6,072,400	\$ 5,647,332

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	\$ 6,072,400	\$ 6,072,400	\$ 6,072,400

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – 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, 2022, the District recognized an OPEB expense of \$(605,305). At June 30, 2022, 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, 2022 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 11 - RISK MANAGEMENT

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

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Changes in the claims liability for the year ended June 30, 2022 are as follows:

Net claims payable as of 6/30/2021	\$ 640,780
Claims presented	613,313
Claims paid	<u>(720,716)</u>
Net claims payable as of 6/30/2022	<u>\$ 533,377</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 12 – JOINTLY GOVERNED ORGANIZATION

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, 2022, 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 13 – 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 reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

Legal

The District is involved in pending or threatened lawsuits and claims. The District estimates that potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction commitments

The District has active construction projects as of June 30, 2022. The projects are for mill levy override projects. At year end the District's commitments with contractors are as follows:

Project	<u>Spent-to-Date</u>	<u>Remaining commitment</u>
Centennial and East High School Building project	\$ 79,332,457	\$ 58,791,668
Nettie S. Freed K-8 project	\$ 3,507,528	\$ 30,897,202
Highland Park Elementary Roof project	\$ 488,656	\$ 301,128
PAA Electric Distribution System project	\$ 1,014,098	\$ 376,251
Central Electric Distribution System project	\$ 1,999,518	\$ 3,987,492

NOTE 14 - 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, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2022 there is a \$4,510,000 reservation of fund balance in the General Fund for 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 within the District passed an amendment allowing the District to retain excess revenues in 2000 and all future years.

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

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

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

NOTE 16 – RESTATEMENT OF PREVIOUSLY REPORTED BALANCES

Adoption of New Accounting Standard

Pueblo School District No. 60 implemented GASB Statement No. 87, *Leases*, effective July 1, 2021. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. There is no effect on fund balance or net position as a result of the implementation of this standard. However, beginning lease assets and lease liabilities were restated by \$2,056,053 to reflect the net present value of financing leases as of June 30, 2021.

Correction of Capital Asset Balances

During the year, it was determined that prior year non-depreciable capital assets balance was understated in the Statement of Net position. Net position as of June 30, 2021 has been restated to reflect the cumulative effect of the correction.

Restatements had the following impact on previously reported balances:

Governmental Activities

Net Position, June 30, 2021, as originally stated	\$ (134,639,993)
Correction of capital asset balances	<u>5,645,772</u>
Net Position, June 30, 2021, as restated (deficit)	<u>\$ (128,994,221)</u>

REQUIRED SUPPLEMENTARY INFORMATION

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	1.4065360908%	1.6043277254%	1.4929482106%	1.5859063798%	1.8692159744%	1.9206432718%	1.8187015096%	1.8692872735%	1.9222776421%
District's proportionate share of the net pension liability (asset)	\$ 163,683,753	\$ 242,541,993	\$ 223,043,223	\$ 280,817,299	\$ 604,438,014	\$ 571,849,773	\$ 278,157,556	\$ 253,351,215	\$ 245,185,994
State's proportionate share of the net pension liability (asset) associated with the School	18,764,252	-	28,290,196	38,397,866	-	-	-	-	-
Total	<u>\$ 182,448,005</u>	<u>\$ 242,541,993</u>	<u>\$ 251,333,419</u>	<u>\$ 319,215,165</u>	<u>\$ 604,438,014</u>	<u>\$ 571,849,773</u>	<u>\$ 278,157,556</u>	<u>\$ 253,351,215</u>	<u>\$ 245,185,994</u>
District's covered payroll	\$ 87,904,291	\$ 85,812,934	\$ 87,735,054	\$ 87,185,791	\$ 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	186.21%	282.64%	254.22%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

* The amounts presented for each 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 THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 17,739,977	\$ 17,167,656	\$ 16,817,470	\$ 16,800,644	\$ 16,411,944	\$ 15,706,892	\$ 14,809,067	\$ 12,949,268	\$ 11,703,594
Contributions in relation to the contractually required contribution	<u>(17,739,977)</u>	<u>(17,167,656)</u>	<u>(16,817,470)</u>	<u>(16,800,644)</u>	<u>(16,411,944)</u>	<u>(15,706,892)</u>	<u>(14,809,067)</u>	<u>(12,949,268)</u>	<u>(11,703,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 89,235,298	\$ 86,356,419	\$ 86,777,449	\$ 87,823,545	\$ 86,927,669	\$ 85,456,431	\$ 83,525,479	\$ 76,713,676	\$ 73,239,010
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

* 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
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.9183638492%	0.9279621416%	0.9758103002%	1.0308512728%	1.0620805913%	1.0919635522%
District's proportionate share of the net OPEB liability (asset)	\$ 7,919,097	\$ 8,817,728	\$ 10,968,088	\$ 14,025,165	\$ 13,802,799	\$ 14,157,679
District's covered payroll	\$ 87,904,291	\$ 85,812,934	\$ 87,735,054	\$ 87,185,791	\$ 86,224,724	\$ 86,201,909
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each 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 THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 910,166	\$ 880,838	\$ 885,115	\$ 895,809	\$ 886,595	\$ 871,498
Contributions in relation to the contractually required contribution	<u>(910,166)</u>	<u>(880,838)</u>	<u>(885,115)</u>	<u>(895,809)</u>	<u>(886,595)</u>	<u>(871,498)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 89,235,298	\$ 86,356,419	\$ 86,777,449	\$ 87,823,545	\$ 86,927,669	\$ 85,456,431
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* 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
PUEBLO CITY SCHOOLS RETIREMENT LIFE INSURANCE PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest cost	160,292	180,153	338,756	374,878	375,699
Benefit payments	(955,240)	(968,864)	(773,688)	(563,200)	(608,117)
Differences between expected and actual experience	481,932	226,420	(1,847,869)	(151,454)	(285,200)
Changes in benefit terms	-	-	-	-	-
Changes in assumptions	<u>(1,247,529)</u>	<u>6,461</u>	<u>792,835</u>	<u>281,436</u>	<u>(181,379)</u>
Net change in total OPEB liability	(1,560,545)	(555,830)	(1,489,966)	(58,340)	(698,997)
Total OPEB liability - beginning	<u>7,632,945</u>	<u>8,188,775</u>	<u>9,678,741</u>	<u>9,737,081</u>	<u>10,436,078</u>
Total OPEB liability - ending	<u><u>\$ 6,072,400</u></u>	<u><u>\$ 7,632,945</u></u>	<u><u>\$ 8,188,775</u></u>	<u><u>\$ 9,678,741</u></u>	<u><u>\$ 9,737,081</u></u>
 Covered-employee payroll	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 Total OPEB liability as a percentage of covered-employee payroll	 0%	 0%	 0%	 0%	 0%
Notes to Schedule:					
Changes of assumptions - effects of discount rate each period	4.09%	2.10%	3.50%	3.50%	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.

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, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 29,423,746	\$ 32,525,756	\$ 32,969,161	\$ 443,405
Specific ownership taxes	2,172,199	1,671,424	3,052,353	1,380,929
Other local sources	2,508,800	3,733,867	4,235,705	501,838
Total local sources	34,104,745	37,931,047	40,257,219	2,326,172
State sources:				
State equalization	94,813,967	92,279,219	93,858,791	1,579,572
Special education	4,544,728	4,544,728	5,127,478	582,750
Other state funding	4,451,861	4,451,861	3,508,938	(942,923)
Total state sources	103,810,556	101,275,808	102,495,207	1,219,399
Federal sources	302,000	302,000	312,774	10,774
Total revenues	138,217,301	139,508,855	143,065,200	3,556,345
EXPENDITURES				
Instruction	80,613,007	82,327,208	75,125,956	7,201,252
Supporting services:				
Student services	9,829,845	10,590,876	9,623,440	967,436
Instructional staff	5,355,054	5,545,168	4,921,157	624,011
General administration	1,974,679	2,115,543	1,659,804	455,739
School administration	9,911,465	10,525,171	9,595,457	929,714
Business services	2,538,185	2,674,235	2,206,376	467,859
Operation and maintenance	18,687,831	18,348,799	17,180,494	1,168,305
Student transportation	4,077,690	4,187,840	2,574,732	1,613,108
Central services	6,863,496	6,755,605	7,119,111	(363,507)
Other support services	2,166,753	2,655,278	1,766,066	889,212
Facilities acquisition and construction	319,612	423,133	416,375	6,758
Debt service	604,330	604,330	604,330	-
Contingency reserves	19,496,925	18,127,923	-	18,127,923
Total expenditures	162,438,871	164,881,108	132,793,298	32,087,810
Excess (deficiency) of revenues over expenditures	(24,221,570)	(25,372,253)	10,271,902	35,644,155
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,800,000)	(9,800,000)	(9,800,000)	-
Total other financing sources (uses)	(7,800,000)	(9,800,000)	(9,800,000)	-
Net change in fund balance	(32,021,570)	(35,172,253)	471,902	35,644,155
Fund balance - beginning	32,021,570	35,172,253	35,118,981	(53,272)
Fund balance - ending	\$ -	\$ -	\$ 35,590,883	\$ 35,590,883

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

This fund is authorized by Colorado state law to record financial transactions for grants received for designated programs funded by federal, state or local resources.

The Governmental Designated-Purpose Grants Fund is deemed to be a major fund for financial reporting purposes.

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, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources:				
Other local sources	\$ 900,000	\$ 900,000	\$ 141,815	\$ (758,185)
State sources:				
Other state funding	9,927,938	10,621,924	3,590,465	(7,031,459)
Federal sources	92,664,499	93,814,359	25,048,370	(68,765,989)
Total revenues	103,492,437	105,336,283	28,780,650	(76,555,633)
EXPENDITURES				
Instruction	48,985,230	49,857,962	13,622,510	36,235,452
Supporting services:				
Student services	10,920,460	11,115,022	3,036,917	8,078,105
Instructional staff	18,565,218	18,895,980	5,162,880	13,733,100
General administration	999,244	1,017,047	277,884	739,163
School administration	1,776,988	1,808,647	494,170	1,314,477
Business services	308,316	313,809	85,741	228,068
Operation and maintenance	1,276,474	1,299,216	354,980	944,236
Student transportation	131,934	134,284	36,690	97,594
Central services	11,363,256	11,565,707	3,160,056	8,405,651
Other support services	6,219,399	6,330,205	1,729,579	4,600,626
Community services	1,332,458	1,356,198	370,549	985,649
Facilities acquisition and construction	1,613,460	1,642,206	448,694	1,193,512
Total expenditures	103,492,437	105,336,283	28,780,650	76,555,633
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BUILDING FUND

This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment.

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

PUEBLO SCHOOL DISTRICT NO. 60
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources:			
Other local sources	\$ 2,638,964	\$ 2,069,364	\$ (569,600)
EXPENDITURES			
Supporting services:			
Operation and maintenance	-	105,741	(105,741)
Central services	-	105,528	(105,528)
Facilities acquisition and construction	185,812,465	97,736,424	88,076,041
Debt service	165,000	114,505	50,495
Contingency reserves	42,196,102	-	42,196,102
Total expenditures	228,173,567	98,062,198	130,111,369
Excess (deficiency) of revenues over expenditures	(225,534,603)	(95,992,834)	129,541,769
OTHER FINANCING SOURCES (USES)			
Other sources	-	(1,715,346)	(1,715,346)
Net change in fund balance	(225,534,603)	(97,708,180)	127,826,423
Fund balance - beginning	225,534,603	237,700,154	12,165,551
Fund balance - ending	\$ -	\$ 139,991,974	\$ 139,991,974

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

PUEBLO SCHOOL DISTRICT NO. 60
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Food Service Fund	Pupil Activity Fund	Education Foundation, Inc.	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 6,795,688	\$ 2,152,707	\$ 229,453	\$ -	\$ 10,829,209	\$ 20,007,057
Restricted cash and investments	-	-	-	18,658,320	-	18,658,320
Taxes receivable	-	-	-	1,102,778	146,616	1,249,394
Intergovernmental receivables	1,197,834	-	-	-	-	1,197,834
Other receivables	-	22,223	-	16,899	1,488	40,610
Due from internal balances	-	-	-	-	13,045,080	13,045,080
Total assets	<u>\$ 7,993,522</u>	<u>\$ 2,174,930</u>	<u>\$ 229,453</u>	<u>\$ 19,777,997</u>	<u>\$ 24,022,393</u>	<u>\$ 54,198,295</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 211,501	\$ 9,340	\$ -	\$ -	\$ 919,100	\$ 1,139,941
Due to interfunds	290,855	21,909	-	400	-	313,164
Unearned revenue	<u>227,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,849</u>	<u>230,431</u>
Total liabilities	<u>729,938</u>	<u>31,249</u>	<u>-</u>	<u>400</u>	<u>921,949</u>	<u>1,683,536</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,891</u>	<u>-</u>	<u>634,891</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,891</u>	<u>-</u>	<u>634,891</u>
FUND BALANCES						
Restricted for:						
Debt service	-	-	-	19,142,706	-	19,142,706
Committed for:						
Food service operations	7,263,584	-	-	-	-	7,263,584
Pupil Activities	-	2,143,681	-	-	-	2,143,681
Foundation activities	-	-	229,453	-	-	229,453
Assigned for:						
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,100,444</u>	<u>23,100,444</u>
Total fund balances	<u>7,263,584</u>	<u>2,143,681</u>	<u>229,453</u>	<u>19,142,706</u>	<u>23,100,444</u>	<u>51,879,868</u>
Total liabilities and fund balances	<u>\$ 7,993,522</u>	<u>\$ 2,174,930</u>	<u>\$ 229,453</u>	<u>\$ 19,777,997</u>	<u>\$ 24,022,393</u>	<u>\$ 53,563,404</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, 2022

	Food Service Fund	Pupil Activity Fund	Education Foundation, Inc.	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES						
Local sources	\$ 249,895	\$ 1,467,448	\$ 76,007	\$ 19,498,739	\$ 2,210,640	\$ 23,502,729
State sources	70,169	-	-	159	17,506	87,834
Federal sources	10,094,944	-	-	-	-	10,094,944
Total revenues	10,415,008	1,467,448	76,007	19,498,898	2,228,146	33,685,507
EXPENDITURES						
Instruction	-	597,753	63,880	-	20,746	682,379
Supporting services	-	700,825	13,253	-	4,560,469	5,274,547
Food service operations	9,988,530	-	-	-	-	9,988,530
Facilities acquisition and construction	-	-	-	-	1,893,675	1,893,675
Debt service	-	-	-	17,998,515	-	17,998,515
Total expenditures	9,988,530	1,298,578	77,133	17,998,515	6,474,890	35,837,646
Excess (deficiency) of revenues over expenditures	426,478	168,870	(1,126)	1,500,383	(4,246,744)	(2,152,139)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	9,800,000	9,800,000
Net change in fund balances	426,478	168,870	(1,126)	1,500,383	5,553,256	7,647,861
Fund balances - beginning	6,837,106	1,974,811	230,579	17,642,323	17,547,188	44,232,007
Fund balances - ending	\$ 7,263,584	\$ 2,143,681	\$ 229,453	\$ 19,142,706	\$ 23,100,444	\$ 51,879,868

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, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Other local sources	\$ 187,472	\$ 249,895	\$ 62,423
State sources:			
Other state funding	70,343	70,169	(174)
Federal sources	9,436,777	10,094,944	658,167
Total revenues	9,694,592	10,415,008	720,416
EXPENDITURES			
Food service operations	10,899,236	9,988,530	910,706
Contingency reserves	5,632,462	-	5,632,462
Total expenditures	16,531,698	9,988,530	6,543,168
Net change in fund balance	(6,837,106)	426,478	7,263,584
Fund balance - beginning, as restated	6,837,106	6,837,106	-
Fund balance - ending	\$ -	\$ 7,263,584	\$ 7,263,584

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Other local sources	\$ 1,204,000	\$ 1,467,448	\$ 263,448
EXPENDITURES			
Instruction	2,396,301	597,753	1,798,548
Supporting services:			
Instructional staff	365,500	700,825	(335,325)
Contingency reserves	417,040	-	417,040
Total expenditures	3,178,841	1,298,578	1,880,263
Net change in fund balance	(1,974,841)	168,870	2,143,711
Fund balance - beginning, as restated	1,974,841	1,974,811	(30)
Fund balance - ending	\$ -	\$ 2,143,681	\$ 2,143,681

See the accompanying independent auditors' report.

PUEBLO 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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources:			
Other local sources	\$ 158,300	\$ 76,007	\$ (82,293)
EXPENDITURES			
Instruction	100,000	63,880	36,120
Supporting services:			
General administration	28,974	10,305	18,669
Business services	5,000	2,948	2,052
Contingency reserves	254,905	-	254,905
Total expenditures	388,879	77,133	311,746
Net change in fund balance	(230,579)	(1,126)	229,453
Fund balance - beginning	230,579	230,579	-
Fund balance - ending	\$ -	\$ 229,453	\$ 229,453

See the accompanying independent auditors' report.

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Local sources:			
Property taxes	\$ 19,159,655	\$ 19,462,543	\$ 302,888
Other local sources	25,000	36,196	11,196
Total local sources	<u>19,184,655</u>	<u>19,498,739</u>	<u>314,084</u>
State sources:			
Other state funding	<u>-</u>	<u>159</u>	<u>159</u>
Total revenues	<u>19,184,655</u>	<u>19,498,898</u>	<u>314,243</u>
EXPENDITURES			
Debt service	18,000,615	17,998,515	2,100
Contingency reserves	<u>18,826,279</u>	<u>-</u>	<u>18,826,279</u>
Total expenditures	<u>36,826,894</u>	<u>17,998,515</u>	<u>18,828,379</u>
Net change in fund balance	(17,642,239)	1,500,383	19,142,622
Fund balance - beginning	<u>17,642,239</u>	<u>17,642,323</u>	<u>84</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 19,142,706</u>	<u>\$ 19,142,706</u>

See the accompanying independent auditors' report.

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, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources:			
Specific ownership taxes	\$ 1,900,000	\$ 1,917,355	\$ 17,355
Other local sources	216,265	293,285	77,020
	<u>2,116,265</u>	<u>2,210,640</u>	<u>94,375</u>
State sources:			
Other state funding	750,000	17,506	(732,494)
Total revenues	<u>2,866,265</u>	<u>2,228,146</u>	<u>(638,119)</u>
EXPENDITURES			
Instruction	773,765	20,746	753,019
Supporting services:			
Business services	-	40,000	(40,000)
Operation and maintenance	7,665,788	1,563,296	6,102,492
Central services	4,162,193	2,957,173	1,205,020
Facilities acquisition and construction	-	1,893,675	(1,893,675)
Contingency reserves	17,745,405	-	17,745,405
Total expenditures	<u>30,347,151</u>	<u>6,474,890</u>	<u>23,872,261</u>
Excess (deficiency) of revenues over expenditures	<u>(27,480,886)</u>	<u>(4,246,744)</u>	<u>23,234,142</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	9,800,000	9,800,000	-
Net change in fund balance	(17,680,886)	5,553,256	23,234,142
Fund balance - beginning	17,680,886	17,547,188	(133,698)
Fund balance - ending	<u>\$ -</u>	<u>\$ 23,100,444</u>	<u>\$ 23,100,444</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

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, 2022

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 1,628,000	\$ 1,591,648	\$ (36,352)
OPERATING EXPENSES			
Insurance claims and expenses	<u>1,774,000</u>	<u>1,331,103</u>	<u>442,897</u>
Operating income (loss)	(146,000)	260,545	406,545
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	<u>50</u>	<u>11</u>	<u>(39)</u>
Change in net position	(145,950)	260,556	406,506
Net position - beginning	<u>3,051,002</u>	<u>3,051,000</u>	<u>(2)</u>
Net position - ending	<u><u>\$ 2,905,052</u></u>	<u><u>\$ 3,311,556</u></u>	<u><u>\$ 406,504</u></u>

See the accompanying independent auditors' report.

SINGLE AUDIT

PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	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		5553	\$ -	\$ 2,812,591
National School Lunch Program	10.555		4555		5,773,732
Summer Food Service Program for Children	10.559		4559		285,530
Fresh Fruit and Vegetable Program	10.582		4582		349,080
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		702,039
<i>Total Child Nutrition Cluster</i>					<u>9,922,972</u>
Passed Through Colorado Department of Education					
Farm to School Grant Program	10.575		4575		11,578
State Pandemic Electronic Benefit Transfer (P-EBT)					
Administrative Costs Grants	10.649	COVID-19	4649		5,814
Passed Through Colorado Department of Public Health and Environment					
Child and Adult Care Food Program	10.558		4558		166,160
<i>Total U.S. Department of Agriculture</i>					<u>10,106,524</u>
U.S. Department of Defense					
Direct Programs					
Reserve Officer Training Corps (ROTC)	12.Unknown		9001		303,290
<i>Total Department of Defense</i>					<u>303,290</u>
U.S. Department of Education					
Direct Programs					
Impact Aid	84.041		4041		9,484
<i>Total U.S. Department of Education</i>					<u>9,484</u>
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States IDEA Part B	84.027		4027,6027		3,535,172
Special Education: Preschool Grants	84.173		4173		86,754
<i>Total SPED Cluster</i>					<u>3,621,926</u>
No Child Left Behind, Title I, Part A	84.010		4010, 5010		7,149,013
English Language Learners, Title III, Part A	84.365		4365		59,647
Quality Teacher, Title II, Part A	84.367		4367		832,307
Student Support and Academic Enrichment Program	84.424A		4424		377,785
Education Stabilization Fund					
ESSER II	84.425D	COVID-19	4419,4420,4425		10,098,992
ESSER III	84.425U	COVID-19	4414,4434,4437		999,492
ARP Homeless Children and Youth (ARP-HCY)	84.425W	COVID-19	8425,8426		60,480
Passed through Colorado Community College System					
Vocational Education - Carl Perkins	84.048		4048		114,199
<i>Total U.S. Department of Education</i>					<u>23,323,325</u>
U.S. Department of Health and Human Services					
Passed Through Colorado Department of Education					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19	7323		19,087
Cooperative Agreement for Emergency Response: CDC Nursing Workforce	93.354	COVID-19	7354		59,725
<i>Total U.S. Department of Health and Human Services</i>					<u>78,812</u>
Total Federal Awards				<u>\$ -</u>	<u>\$ 33,811,951</u>

See the accompanying independent auditors' report.

PUEBLO SCHOOL DISTRICT NO. 60
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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 position, 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 ALN number, so the Federal ALN 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, 2022, Pueblo School District No. 60 received \$702,039 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair 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, 2022, 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 March 1, 2023. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units as described in our report on the Pueblo School District No. 60's financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pueblo School District No. 60's internal control. Accordingly, we do not express an opinion on the effectiveness of Pueblo School District No. 60's internal control.

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

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

Report on 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 financial statements. 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
March 1, 2023



**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

Opinion on Each Major Federal Program

We have audited Pueblo School District No. 60's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pueblo School District No. 60 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pueblo School District No. 60's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Pueblo School District No. 60's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pueblo School District No. 60's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pueblo School District No. 60's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pueblo School District No. 60's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pueblo School District No. 60's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Pueblo School District No. 60's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
March 1, 2023

**PUEBLO SCHOOL DISTRICT NO. 60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



315 West 11th St, Pueblo, CO 81003

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, 2021. 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, 2022 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>ALN Number</u>	<u>Program/ Cluster Title</u>	<u>Finding</u>	<u>Status of Finding</u>
2021-001	84.010	Title I, Part A	Eligibility – not meeting poverty measures	Corrected.
2021-002	10.555 & 10.559	Child Nutrition Cluster	Eligibility – not meeting poverty measures	Corrected.

STATE COMPLIANCE



**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 accompanying financial statements 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 and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Pueblo School District No. 60's basic financial statements as listed in the table of contents. Our report thereon, dated March 1, 2023, expressed an unmodified opinion on those 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 basic 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 basic financial statements. The 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 *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
March 7, 2023



Colorado Department of Education
Auditors Integrity Report
District: 2690 - Pueblo City 60
Fiscal Year 2021-22
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	32,397,165	125,820,593	126,578,738	31,639,020
18 Risk Mgmt Sub-Fund of General Fund	847,316	1,891,510	1,292,845	1,445,981
19 Colorado Preschool Program Fund	1,874,501	5,553,097	4,921,716	2,505,882
Sub- Total	35,118,981	133,265,200	132,793,299	35,590,883
11 Charter School Fund	4,732,340	21,272,674	22,939,044	3,065,970
20,26-29 Special Revenue Fund	24,792,768	10,442,259	22,458,664	12,776,362
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	6,837,106	10,415,009	9,988,530	7,263,584
22 Govt Designated-Purpose Grants Fund	1	28,780,650	28,780,651	0
23 Pupil Activity Special Revenue Fund	1,974,811	1,467,448	1,298,578	2,143,681
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	17,642,323	19,498,898	17,998,515	19,142,706
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	237,700,154	354,018	98,062,197	139,991,974
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	17,547,188	12,028,145	6,474,890	23,100,444
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	346,345,672	237,524,300	340,794,367	243,075,604
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	3,051,000	383	-260,173	3,311,556
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	3,051,000	383	-260,173	3,311,556
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	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL