LIFE SKILLS CENTER OF COLORADO SPRINGS

FINANCIAL STATEMENTS
With Independent Auditors' Report

For the Year Ended June 30, 2016

LIFE SKILLS CENTER OF COLORADO SPRINGS
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JUNE 30, 2016

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Life Skills Center of Colorado Springs

We have audited the accompanying financial statements of the governmental activities and each major fund of Life Skills Center of Colorado Springs, a component unit of Colorado Springs School District No. 11, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Life Skills Center of Colorado Springs, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Hoelting & Company Inc.

Colorado Springs, Colorado
August 10, 2016

Life Skills Center of Colorado Springs

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2016

As management of the Life Skills Center of Colorado Springs (the School), a charter school, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Life Skills Center of Colorado Springs for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- Liabilities and deferred inflows of the School exceeded its assets and deferred outflows by $1,350,330 during the year resulting in a negative net position balance. This was due primarily to the large pension liability recorded with the adoption of GASB 68 in 2014-2015.

- Total assets increased $18,021, which represents a 4.4 percent increase from 2015. This was due to an increase in the School's cash accounts.

- As of the close of the current fiscal year, the School's general fund reported an ending fund balance surplus of $237,920.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the School'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 only result in cash flow changes in future fiscal periods (e.g., items purchased but not paid for).

The governmental activities of the School include instruction, pupil activities, instructional support, general administration, school administration, business services, maintenance and operations, and central services.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School for the current year are governmental funds.

Governmental Funds

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well on balances of spendable resources available to the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

The School maintains one individual governmental fund; the General Fund, which is considered a major fund.

The School prepares a budget for the General Fund. Statements have been provided for this fund that compare actual results to this budget.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. For the year ending June 30, 2016, the School's liabilities and deferred inflows exceeded assets and deferred outflows by $1,350,330. $62,880 of these funds are restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. The remaining deficit of $1,413,210 is unrestricted.

Statement of Net Position

The Statement of Net Position answers the question of how the School did financially during 2016. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net position for the fiscal year 2016 and fiscal year 2015:

(Table 1)
Net Position

	2016	2015
Assets		
Cash	$ 426,256	$ 408,235
Receivables	-	-
Total Assets	426,256	408,235
Deferred Outflows of Resources		
Differences – pension plan	306,853	37,835
Total Deferred Outflows of Resources	306,853	37,835
Liabilities		
Current Liabilities	188,336	166,297
Noncurrent Liabilities – net pension liability	1,868,618	1,645,212
Total Liabilities	2,056,954	1,811,509
Deferred Inflows of Resources		
Differences – pension plan	26,485	123
Total Deferred Inflows of Resources	26,485	123
Net Position		
Restricted for TABOR	62,880	55,600
Unrestricted	(1,413,210)	(1,421,162)
Total Net Position	$ (1,350,330)	$ (1,365,562)

Total assets increased $18,021. This was a result of an increase in the School's cash balance compared to the previous year. Liabilities increased $245,445. Most of this increase was related to increased pension liabilities.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in net position for fiscal year 2016 and fiscal year 2015, as well as a listing of revenues and expenses:

(Table 2)

Changes in Net Position

	2016	2015
Program Revenues:		
Operating Grants and Contributions	$ 118,346	$ 115,482
Capital Grants and Contributions	67,079	40,630
General Revenue:		
Per Pupil Revenue	1,854,936	1,657,331
Mill Levy Override	100,992	81,672
Miscellaneous Revenue	582	263
Total Revenues	2,141,935	1,895,378
Expenses:		
Instruction	672,824	715,995
Pupil Activities	215,784	179,718
Instructional Support	8,583	8,986
General Administration	63,311	75,193
School Administration	1,001,335	821,306
Business Services	249	248
Maintenance and Operations	208,997	152,960
Central Services	59,148	92,568
Other services	1,542	1,434
Total Expenses	2,231,773	2,048,408
Change in Net position	(89,838)	(153,030)
Net position, beginning (as originally stated)	(1,365,562)	252,454
Prior period adjustment	105,070	(1,464,986)
Net position, beginning (as restated) (deficit)	(1,260,492)	(1,212,532)
Net position, ending (deficit)	$ (1,350,330)	$ (1,365,562)

The primary reason for the increase in overall revenues was due to the increase in the School's enrollment. This contributed to the higher amount to Per Pupil funding. Expenses also increased as a result of the management agreement in place between the School and WHLS. The agreement provides that specific percentages of the revenues paid by the School by state and local agencies will be paid to WHLS to fund operations. (See Notes to Financial Statements, Note 5.)

Financial Analysis of the School's Funds

As noted earlier, the Life Skills Center of Colorado Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

<u>Governmental Funds</u>

In particular, unreserved fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year the School's governmental funds reported a combined ending Unassigned Fund Balance of $175,040. This represents a decrease of 6.1 percent over the fiscal year 2015 balance of $186,338.

General Fund Budgetary Highlights

The School prepares a budget for the upcoming school year based on the estimated funded enrollment figure and then amends the budget to reflect actual funded enrollment. For the 2016-2017 School year, this figure was 286 students.

The School's final budget estimated a $172,651 carryover to the following year. Actual results produced a net carryover in the General Fund of $237,920.

The School's budget is prepared in accordance with state law. During the year the School amended its budget primarily to reflect increased spending needs.

Long Term Debt

As of June 30, 2016 the School has no long-term debt.

Current Financial Issues

For the school year ended June 30, 2016, the funded pupil count was 286 students. In the coming year, the pupil count for funding purposes is set at 260 students. This student count is expected to allow us to serve the at-risk youth population in the City of Colorado Springs that is currently not on a path to obtaining a high school diploma.

Requests for Information

This financial report is designed to provide a general overview of the Life Skills Center of Colorado Springs's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fiscal Officer c/o Life Skills Center of Colorado Springs, 1810 Eastlake Blvd., Colorado Springs, Colorado 80910.

BASIC FINANCIAL STATEMENTS

LIFE SKILLS CENTER OF COLORADO SPRINGS
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS		
Cash and cash equivalents	$	363,376
Restricted cash and cash equivalents		62,880
Total assets		426,256
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows		306,853
Total deferred outflows of resources		306,853
LIABILITIES		
Accounts payable and other current liabilities		188,336
Noncurrent liabilities:		
Due in more than one year		
Net pension liability		1,868,618
Total liabilities		2,056,954
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows		26,485
Total deferred inflows of resources		26,485
NET POSITION		
Restricted for TABOR		62,880
Unrestricted		(1,413,210)
Total net position	$	(1,350,330)

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

LIFE SKILLS CENTER OF COLORADO SPRINGS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental activities:					
Instruction	$ 672,824	$ -	$ 118,346	$ -	$ (554,478)
Pupil activities	215,784	-	-	-	(215,784)
Instructional support	8,583	-	-	-	(8,583)
General administration	63,311	-	-	-	(63,311)
School administration	1,001,335	-	-	-	(1,001,335)
Business services	249	-	-	-	(249)
Maintenance and operations	208,997	-	-	67,079	(141,918)
Central services	59,148	-	-	-	(59,148)
Other services	1,542	-	-	-	(1,542)
Total governmental activities	$ 2,231,773	$ -	$ 118,346	$ 67,079	$ (2,046,348)

General revenues:	
Per pupil revenue	1,854,936
Mill levy override	100,992
Investment earnings	582
Total general revenues	1,956,510
Change in net position	(89,838)
Net position, beginning (deficit)	(1,365,562)
Prior period adjustment	105,070
Net position, beginning, as restated (deficit)	(1,260,492)
Net position, ending (deficit)	$ (1,350,330)

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

LIFE SKILLS CENTER OF COLORADO SPRINGS
BALANCE SHEET
GENERAL FUND
JUNE 30, 2016

ASSETS		
Cash and cash equivalents	$	363,376
Restricted cash and cash equivalents		62,880
Total assets	$	426,256
LIABILITIES		
Accounts payable and other current liabilities	$	188,336
Total liabilities		188,336
FUND BALANCE		
Restricted		62,880
Unassigned		175,040
Total fund balance		237,920
Total liabilities and fund balance	$	426,256

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

LIFE SKILLS CENTER OF COLORADO SPRINGS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30,2016

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds	$	237,920
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred outflows of resources		306,853
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,868,618)
Other long-term liabilities are not due and payable in the current period and, therefore, are reported as deferred inflows of resources		(26,485)
Total Net Position of Governmental Activities	$	(1,350,330)

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

LIFE SKILLS CENTER OF COLORADO SPRINGS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES	
Local sources	$ 101,574
State sources	1,996,129
Federal sources	44,232
Total revenues	2,141,935
EXPENDITURES	
Instruction	651,804
Pupil activities	206,477
Instructional support	8,196
General administration	61,719
School administration	956,157
Business services	249
Maintenance and operations	203,155
Central services	56,654
Other services	1,542
Total expenditures	2,145,953
Net change in fund balance	(4,018)
Fund balance - beginning	241,938
Fund balance - ending	$ 237,920

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

LIFE SKILLS CENTER OF COLORADO SPRINGS
RECONCILIATION OF THE STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,2016

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance of Governmental Funds	$	(4,018)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(85,820)
Change in Net Position of Governmental Activities	$	(89,838)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Life Skills Center of Colorado Springs (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation that began operations on July 1, 2004, pursuant to the Colorado Charter Schools Act, to form and operate a charter school within Colorado Springs School District No. 11. The School started admitting students in September 2004.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

A. REPORTING ENTITY

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

Based on the application of these criteria, the School does not include additional organizations within it reporting entity.

The School is considered a component unit of the District. The School is deemed to be fiscally dependent upon the District because the District provides the majority of the support to the School in the form of per pupil operating revenue. The School operates under a charter with the District. The current charter runs through June 30, 2017 and automatically renews for two successive one year terms (See Note 5) at which time the School may seek renewal of its charter in accordance with procedures set forth in state law and school district policy and regulations.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

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 government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The School reports the following major governmental fund:

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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 current year or soon enough thereafter to pay liabilities of the current fiscal year, not to exceed 60 days.

Intergovernmental revenues, grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

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.

Capital assets

All capital assets used by the School are owned and maintained by WHLS of Colorado, LLC. (See Note 5).

Pensions

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

Deferred outflows/inflows of resources

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

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.

Net position flow assumption

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund balance classification

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

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

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

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors 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 School's intent to be used for a specific purpose but are neither restricted or committed. This intent can be expressed by the Board of Directors or through the Board of Directors 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 School 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.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to students or others for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Revenues that are not classified as program revenues, including per pupil revenue, are reported as *general revenues*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual are the result of the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances.

The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays. However, in accordance with the management agreement (See Note 5), these expenditures are incurred by WHLS of Colorado, LLC and not the School.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. 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 pubic deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2016 was $260,524 and the bank balance was $260,524. Of the total bank balances, $250,000 was covered by FDIC insurance and $10,524 was uninsured, but collateralized in accordance with the provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in a trust for all uninsured deposits as a group.

Investments

The School 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 funds;
- Guaranteed investment contracts.

At June 30, 2016 the School's investment balances were as follows:

Investment	Maturities	Fair Value
CSAFE	Less than 60 days	$ 165,732

The School's investments are subject to interest rate risk and credit risk as described below:

Interest Rate Risk: The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: The State law limits investments as described above. The School does not have an investment policy that would further limit its investment choices. As of June 30, 2016, the School's investments were rated AAA by Standard & Poor's.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

CSAFE is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. These investment vehicles operate similarly to money market funds and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool shares.

Reconciliation of Deposits and Investments to the Statement of Net Position

Cash and cash equivalents:	
Deposits	$ 260,524
CSAFE	165,732
	$ 426,256
Cash and cash equivalents	$ 363,376
Restricted cash and cash equivalents	62,880
	$ 426,256

NOTE 4 – ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities consist of the following at June 30, 2016:

Continuing fees payable to WHLS	$ 161,874
Grants payable to WHLS	18,584
Accounts payable	7,878
Total	$ 188,336

NOTE 5 - MANAGEMENT AGREEMENT

Effective July 1, 2015, the School entered into a revised Management Agreement (Agreement) with WHLS of Colorado, LLC (WHLS), which is an educational consulting and management company. The Agreement terminates on June 30, 2017. Thereafter, the Agreement shall automatically renew for two successive one-year terms unless one Party notifies the other Party in writing not less than the earlier of December 15th or six months prior to the expiration of the then current term of its intention not to renew the Agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration, operation and performance of the School in accordance with the School's contract with Colorado Springs District 11 to operate the School. The School pays WHLS a monthly continuing fee of 97% of qualified gross revenues received by the School, net of any required withholding, for services performed.

NOTE 5 - MANAGEMENT AGREEMENT (CONTINUED)

The continuing fee earned by WHLS for the year ended June 30, 2016 was $1,816,343. In addition, the management agreement provides that the School pay to WHLS 100% of all grants and contributions received by the School as a result of efforts by WHLS. Grant receipts earned by WHLS for the year ended June 30, 2016 were $185,425. WHLS is responsible for all costs incurred in providing the educational program at the School, which includes but is not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, and capital improvements.

NOTE 6 - CENTRAL ADMINISTRATIVE FEES

Under the School's contract with Colorado Springs District 11, up to 5% of the School's PPR may be retained by the District for purposes of offsetting costs in the area of Central Administration. The contract also requires that any difference between the amount retained and actual Central Administration expenditures shall be charged to (if actual is more than amount withheld) or paid to (if actual is less than the amount withheld) the School. During the year ending June 30, 2016 the District withheld $38,869 which was approximately 2.1% of the School's PPR.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Life Skills Center of Colorado Springs is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Life Skills Center of Colorado Springs were $103,347 for the year ended June 30, 2016.

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

At June 30, 2016, the Life Skills Center of Colorado Springs reported a liability of $1,868,618 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Life Skills Center of Colorado Springs proportion of the net pension liability was based on Life Skills Center of Colorado Springs contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the Life Skills Center of Colorado Springs's proportion was 0.0122177485 percent, which was an increase of 0.0000789697 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Life Skills Center of Colorado Springs recognized pension expense of $85,820. At June 30, 2016, the Life Skills Center of Colorado Springs reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 24,675	$ 78
Changes of assumptions or other inputs	-	26,407
Net difference between projected and actual earnings on pension plan investments	158,885	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	44,230	-
Contributions subsequent to the measurement date	79,063	N/A
Total	$ 306,853	$ 26,485

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$79,063 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ 61,235
2018	$ 58,652
2019	$ 48,836
2020	$ 32,582

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

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	2,422,276	1,868,618	1,408,079

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

NOTE 8 - POST-EMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

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

Funding policy. The Life Skills Center of Colorado Springs is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Life Skills Center of Colorado Springs are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015, and 2014 the Life Skills Center of Colorado Springs contributions to the HCTF were $5,940, $4,713, and $5,577, respectively, equal to their required contributions for each year.

NOTE 9 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

As part of its Management Agreement with the School, WHLS has contracted with an insurance company for property and general liability insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three fiscal years.

Additionally, the School carries a $1,000,000 School Leaders Errors and Omissions policy which provides coverage against certain claims that may be brought against the School.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

GRANTS

The School 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 School, any such adjustments will not have a material adverse affect on the financial position of the School.

NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2016 there is a $62,880 reservation of fund balance in the General Fund for the amendment.

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

NOTE 12 – COMPLIANCE

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2016 audit period as required by Colorado Statute CRS 22-44-204(3).

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the year, it was determined that pension contributions subsequent to the measurement date and other pension outflows totaling $105,070 were not included in deferred outflows. To correct this oversight, the beginning net position for governmental activities of a deficit $1,365,562, as originally reported, has been increased to a deficit $1,260,492.

REQUIRED SUPPLEMENTARY INFORMATION

LIFE SKILLS CENTER OF COLORADO SPRINGS
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND COVERED PAYROLL
JUNE 30, 2016

	2013	2014	2015
School's proportion of the net pension liability (asset)	0.0153060421%	0.0121387788%	0.0122177485%
School's proportionate share of the net pension liability (asset)	$ 1,952,282	$ 1,645,212	$ 1,868,618
School's covered-employee payroll	$ 617,035	$ 508,528	$ 532,447
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	316.40%	323.52%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	64.1%	62.8%	59.2%

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

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

See the accompanying independent auditors' report.

LIFE SKILLS CENTER OF COLORADO SPRINGS
SCHEDULE OF EMPLOYER'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
JUNE 30, 2016

	2013	2014	2015
Contractually required contribution	$ 95,826	$ 83,551	$ 92,273
Contributions in relation to the contractually required contribution	(95,826)	(83,551)	(92,273)
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 617,035	$ 508,528	$ 532,447
Contributions as a percentage of covered-employee payroll	15.53%	16.43%	17.33%

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

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

See the accompanying independent auditors' report.

LIFE SKILLS CENTER OF COLORADO SPRINGS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Local sources	$ 101,407	$ 101,574	101,574	$ -
State sources	1,914,020	1,924,113	1,996,129	72,016
Federal sources	110,420	116,248	44,232	(72,016)
Total revenue	2,125,847	2,141,935	2,141,935	-
EXPENDITURES				
Instruction	843,338	807,485	651,804	155,681
Pupil activities	9,230	9,509	206,477	(196,968)
Instructional support	-	-	8,196	(8,196)
General administration	60,067	55,071	61,719	(6,648)
School administration	876,704	1,145,638	956,157	189,481
Business services	242	249	249	-
Maintenance and operations	327,712	182,155	203,155	(21,000)
Central services	3,759	3,873	56,654	(52,781)
Other services	1,497	1,542	1,542	-
TABOR reserve	5,700	5,700	-	5,700
Total expenditures	2,128,249	2,211,222	2,145,953	65,269
Net change in fund balance	(2,402)	(69,287)	(4,018)	65,269
Fund balance - beginning	261,197	241,938	241,938	-
Fund balance - ending	$ 258,795	$ 172,651	$ 237,920	$ 65,269

See the accompanying independent auditors' report.